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No. 80-

IN THE

Supreme Court of the United States

OCTOBER TERM, 1981

CONTROL DATA CORPORATION,
SPERRY CORPORATION,
STORAGE TECHNOLOGY CORPORATION,
Cross-Petitioners,

v.

POTTER INSTRUMENT CO.,
Cross-Respondent.

CROSS-PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FOURTH CIRCUIT

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QUESTIONS PRESENTED FOR REVIEW

1. Whether a U.S. Circuit Court of Appeals should take jurisdiction and consider the merits of an appeal from a U.S. District Court where the appellant failed to file a notice of appeal within the 30 days after final judgment allowed by 28 U.S.C. § 2107, that period not being tolled due to a defect in a motion for rehearing, the defect being the failure to describe the grounds for the rehearing within the 10 days allowed by Fed. R.Civ.P. 59.

PARTIES TO THE PROCEEDING BELOW

The parties named in the caption were parties to the suits in which this petition is filed. There were four related suits in the Court below, having the same plaintiff Potter Instrument Company as here against defendants Control Data Corporation, Sperry Corporation, Telex Computer Products, Incorporated and Storage Technology Corporation, which the Court of Appeals consolidated under No. 80-1428.

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CROSS-PETITION FOR A WRIT OF CERTIORARI TO THE UNITED STATES COURT OF APPEALS FOR THE FOURTH CIRCUIT

OFFICIAL AND UNOFFICIAL REPORTS OF OPINIONS DELIVERED IN THE COURTS BELOW

The opinion of the U.S. District Court for the Eastern District is reported at 207 USPQ 763. As of date, cross-petitioners are unaware of publication of the opinions delivered by the Court of Appeals in either official or unofficial reports.

THE MAIN PETITION

This cross-petition is filed in connection with a Petition for Certiorari by the losing party below (hereafter, "PICO") Docket No. 80-2097. PICO's petition

seeks review of the affirmance by the Court of Appeals of the dismissal of the cases by the District Court on the ground of laches.

CORRESPONDING EARLIER PETITION

This Cross-Petition corresponds to an interlocutory petition pursuant to Rule 18 filed by cross-petitioner Control Data Corporation on October 8, 1980, Docket No. 80-561. The petition before judgment was denied on December 1, 1980, with Justice White dissenting because of conflicts among the circuits.

GROUNDS ON WHICH JURISDICTION OF THIS COURT IS INVOKED

Date Of Decree Sought To Be Reviewed And Time Of Its Entry

Cross-petitioner prays that a writ of certiorari issue to review the decree dated and entered on August 12, 1980 by the United States Court of Appeals for the Fourth Circuit in civil case number 80-1428, denying cross-petitioners' motion to dismiss PICO's appeal on grounds of untimeliness of appeal and lack of jurisdiction, the appeal having been originally taken from a judgment of the United States District Court for the Eastern District of Virginia (Alexandria Division) dismissing PICO's patent infringement actions for laches and estoppel. The judgment of the District Court was rendered March 12, 1980 and entered on March 25, 1980.

Date Of Any Order Respecting A Rehearing

In regard to the respective decrees of the Court of Appeals entered on August 12, 1980 denying cross-

petitioners' motion to dismiss appeal; and February 23, 1981 affirming the District Court's dismissal of the actions on the ground of laches, no orders were issued concerning a rehearing.

In regard to the judgment of the District Court entered on March 25, 1980 dismissing cross-respondent's patent infringement actions below, the District Court, after a hearing on May 16, 1980, entered an order on May 23, 1980 denying the cross-respondent's motion for rehearing under Fed. R.Civ.P. 59.

Statutory Provision Believed To Confer On This Court Jurisdiction To Review The Decree In Question

This cross-petition was filed within thirty days of the date of receipt on June 10, 1981, of the complete petition for writ of certiorari and appendix filed by PICO, pursuant to Rule 19.5 of this Court. The jurisdiction of this Court to review the order is invoked under 28 U.S.C. § 1254(1).

STATUTES AND RULES WHICH THIS CASE INVOLVES

28 U.S.C. § 2107 (in pertinent part):

> Except as otherwise provided in this section, no appeal shall bring any judgment, order or decree in an action, suit or proceeding of a civil nature before a court of appeals for review unless notice of appeal is filed, within thirty days after the entry of such judgment, order or decree.

Fed. R. App. P. 4(a)(4):

> (4) If a timely motion under the Federal Rules of Civil Procedure is filed in the district court by any party: . . . (ii) under Rule 52(b) to amend

or make additional findings of fact, whether or not an alteration of the judgment would be required if the motion is granted; (iii) under Rule 59 to alter or amend the judgment; or (iv) under Rule 59 for a new trial, the time for appeal for all parties shall run from the entry of the order denying a new trial or granting or denying any other such motion. A notice of appeal filed before the disposition of any of the above motions shall have no effect. A new notice of appeal must be filed within the prescribed time measured from the entry of the order disposing of the motion as provided above. No additional fees shall be required for such filing.

Fed. R. Civ. P. 6(b):

When by these rules or by a notice given thereunder or by order of court an act is required or allowed to be done at or within a specified time, the court for cause shown may at any time in its discretion . . . permit the act to be done where the failure to act was the result of excusable neglect; but it may not extend the time for taking any action under Rules 50(b), 52(b), 59(b), (d) and (e), and 60(b), except to the extent and under the conditions stated in them.

Fed. R. Civ. P. 7(b)(1):

(1) An application to the court for an order shall be by motion which, unless made during a hearing or trial, shall be made in writing, shall state with particularity the grounds therefor, and shall set forth the relief or order sought. The requirement of writing is fulfilled if the motion is stated in a written notice of the hearing of the motion.

Fed. R. Civ. P. 52(b) (in pertinent part):

Upon motion of a party made not later than 10 days after entry of judgment the court may amend

its findings or make additional findings and may amend the judgment accordingly. The motion may be made pursuant to Rule 59.

Fed. R. Civ. P. 59(e):

> (e) Motion to Alter or Amend a Judgment. A motion to alter or amend the judgment shall be served not later than 10 days after entry of the judgment.

Fed. Local Rule 11(f) for the E.D. Va. (in pertinent part):

> Briefs Required. (1) All motions, unless otherwise directed by the Court and except as noted herein below in Subsection 11(f)(2), shall be accompanied by a written brief setting forth a concise statement of the facts and supporting reasons, along with a citation of the authorities upon which the movant relies. . . . (2) Briefs need not accompany motions (a) for a more definite statement, (b) for an extension of time to respond to pleadings, unless the time has already expired, and (c) solely related to discovery matters, except as set forth in Local Rule 11-1(E), (F) and (I).

CONCISE STATEMENT OF THE CASE

Cross-respondent PICO filed civil action against cross-petitioners for alleged infringement of U.S. letters patent in United States District Court for the Eastern District of Virginia (Alexandria Division), the basis for federal jurisdiction being 28 U.S.C. 1338 (a).

The District Court entered a judgment dismissing the complaint on March 25, 1980,[1] and the plaintiff

[1] This was the date when findings and conclusions were filed to complete the judgment filed on March 12, 1980.

(PICO) purported to move for a rehearing under Fed. R. of Civ. P. 59 on the 10th day thereafter, April 4, 1980. However, the motion that PICO had filed within the 10 days allowed under Fed. R. Civ. P. 59 provided no particular grounds for the motion. The motion is in the Appendix hereto at page 27a. The grounds were filed in a separate paper filed on May 2, 1980, which was after the allowed 10 days, and indeed was after the 30 days allowed for an appeal under 28 U.S.C. 2107. After the District Court denied the motion for rehearing, PICO filed its notice of appeal on June 19, 1980, which was long after the 30 days from entry of judgment allowed under 28 U.S.C. 2107.[2]

Upon the notice of appeal being filed, cross-petitioners filed a motion to dismiss the appeal with the Court of Appeals on July 1, 1980 on the ground of lack of jurisdiction in the Court of Appeals due to the untimely filing of the notice of appeal, with an explanation of the defect in the motion for rehearing. On August 12, 1980, the Court of Appeals denied the motion to dismiss without giving any reasons for its action. The order of denial appears on page 23a of the Appendix hereto.

A petition for writ of certiorari to the Court of Appeals before judgment pursuant to Rule 18 of this Court, was filed by cross-petitioner Control Data Corporation in respect of the denial of the motion to dismiss (No. 80-561). The petition was denied. However, Justice White dissented from the denial because the

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[2] Defendants (cross-petitioners here) also had moved the District Court for dismissal of the plaintiff's motion for rehearing due to the defect, but that motion was not acted upon inasmuch as the Court denied the motion for rehearing on its merits.

Court of Appeals below is in conflict with the judgment of other Courts of Appeals. A copy of the order denying the petition appears at page 37a of the Appendix hereto.

The Court of Appeals thereafter affirmed the District Court ruling dismissing the suit on the grounds of laches. The opinion of the Court of Appeals is included at pages 1a-3a of the Appendix hereto.

PICO then filed a Petition for Writ of Certiorari for review of the Court of Appeals decision.

While the Court of Appeals decided favorably to cross-petitioners, this cross-petition is filed to preserve the issue of PICO's failure to take timely appeal and to ensure the propriety of raising such issue as an additional reason for denying PICO's Petition for Certiorari.

The following chronology of procedural events below is provided for the convenience of this Court.

On *March 12, 1980* the U.S. District Court for the Eastern District of Virginia (Alexandria Division) entered an order dismissing PICO's patent infringement civil action against cross-petitioners on grounds of laches and equitable estoppel. The order did not include Findings and Conclusions.[3] A copy of the order appears at pages 5a-6a of the Appendix.

On *March 19, 1980* PICO filed a "Motion for Rehearing" under Federal R. of Civ. P. 59 alleging without further particularity or amplification that "the

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[3] The order also dismissed another case that had been consolidated with the petitioners' cases because they all involved the same patents.

Court had committed manifest error of law and fact." No brief accompanied PICO's motion. A copy appears at pages 25a-26a of the Appendix.

On *March 25, 1980* the U.S. District Court entered Findings and Conclusions to its Dismissal Order of March 12, 1980. A copy appears at pages 7a-20a of the Appendix.

On *April 4, 1980* PICO filed a "Revised Motion for Rehearing and to Vacate Summary Judgment" under FRCP 59(e), the paper providing only general averments as to the nature of the grounds for the Motion. Again, no brief accompanied PICO's revised motion. A copy appears at pages 27a-28a of the Appendix. April 4 was within 10 days of March 25.

On *April 11, 1980* a thirty-day period expired from the date when the District Court dismissed the action.

On *April 24, 1980* a thirty-day period expired from the date when the District Court entered its findings and conclusions.

On *May 2, 1980* PICO filed a "Brief in Support of Motion for Rehearing" setting forth the particular grounds for the Motion for Rehearing.

On *May 9, 1980* the District Court set May 16, 1980 as date for hearing on PICO motion.

On *May 15, 1980* cross-petitioners filed and served a "Joint Motion to Strike Plaintiff's Motion for Rehearing" and "Memorandum of Points and Authorities", on the ground that the motion filed April 4, 1980 was defective in lacking recital of the grounds for the motion.

On *May 16, 1980* the District Court heard argument by counsel on PICO's motion.

On *May 23, 1980* the District Court entered an order denying PICO's motion. A copy appears at pages 21a-22a of the Appendix.

On *June 19, 1980* PICO filed and served a notice of appeal of the dismissal of its patent infringement actions.

On *July 1, 1980* cross-petitioners filed and served an "Appellee's Motion to Dismiss Appeal" and "Appellee's Memorandum in Support of Motion to Dismiss Appeal". A copy of the motion appears at page 35a-36a of the Appendix. (No copy of the Memorandum in Support is included here because it was essentially the same as the argument presented hereinbelow.)

On *July 9, 1980* PICO filed and served a "Brief Opposing Motion to Dismiss".

On *August 12, 1980,* the Court of Appeals for the Fourth Circuit entered an Order denying various motions to dismiss appeals. A copy appears at page 23a of the Appendix.

AMPLIFICATION OF REASONS RELIED ON FOR THE ALLOWANCE OF THE WRIT

The Decision Is Of Imperative Public Importance

Given the enormous overloading of the Federal Courts, it is imperative to the public good that our system of justice not be bogged down with cases pending because statutes and rules on timely taking of steps in the courts are ignored.

The questions presented touch upon important aspects of federal jurisdiction, procedure and practice which, if not resolved at this time, will only invite reoccurrence. The central aspect of the question is

whether the filing of skeletal post-trial motions in clear noncompliance with the Federal Rules of Civil Procedure is to be condoned as an effective means for extending the period for filing notices of appeal and for obviating the strict ten-day limitation for filing post-trial motions. The Circuits have split on the issue.

Moreover, if the rulings below were allowed to stand the doctrine of finality of judgment and the interests it serves would be adversely affected, as further explained below.

The Court has often exercised its power of supervision over the administration of justice in the Federal Courts, especially where, as here, the issues presented raise important questions of federal appellate jurisdiction, conflict among the Circuits and standards of federal practice. *Tidewater Oil Co.* v. *United States,* 409 U.S. 151, 153, 34 L.Ed.2d 375 (1972), 93 S.Ct. 408 (1972).

Prior Decisions Of This Court

On many occasions heretofore this Court has made clear that time limitations for filing a notice of appeal are mandatory, jurisdictional and to be strictly applied, e.g. *Browder* v. *Director, Ill. Dept. of Corrections,* 434 U.S. 257 at 264, 54 L.Ed.2d 521, 98 S.Ct. 556 (1978); *United States* v. *Robinson,* 361 U.S. 220, 229, 4 L.Ed.2d 259, 80 S.Ct. 282 (1960). See also *Fallen* v. *United States,* 378 U.S. 139, 12 L.Ed.2d 760, 84 S.Ct. 1689 (1964); *Coppedge* v. *United States,* 369 U.S. 438, 442, 8 L.Ed.2d 21, 82 S.Ct. 917 (1962); *United States* v. *Schaefer Brewing Co.,* 356 U.S. 227, 2 L.Ed.2d 721, 78 S.Ct. 674 (1958); *Matton Steamboat Co.* v. *Murphy,* 319 U.S. 412, 415, 87 L.Ed. 1483, 68 S.Ct. 1126 (1943); *George* v. *Victor Talking Mach. Co.,* 293 U.S. 377, 379,

79 L.Ed. 439, 55 S.Ct. 229 (1934), 73 ALR2d 235 (1958). This Court has also continued to recognize that any other approach would defeat the time limitation's central purpose of providing finality to judgment. *Browder, supra* at 264; *Matton Steamboat, supra,* at 415.

Fed. Rule App. Proc. 4(a)(4) allows for the running of the time limitations to be tolled by a *timely* motion filed in the district court pursuant to Fed. R. Civ. P. 52(b) or Rule 59. *Browder, supra* at 264. Under those rules a ten-day limitation is allowed for filing the respective motions, the District Court being prohibited from enlarging same under Fed. R. Civ. P. 6(b). *Lapiczak* v. *Zaist,* 451 F.2d 79 (2nd Cir. 1971).

Insofar as these provisions touch upon the jurisdictional matter of timeliness of appeal, they too should properly be accorded strict interpretation and application by the lower courts and parties to suit. *Browder, supra.*

However, the case presented here is one where the PICO managed to perpetuate its case and take an untimely appeal by a procedural mechanism which is in clear and substantial non-compliance with the federal rules of procedure. The procedural mechanism it used was a simple one: it merely filed a purported post-trial motion stylized under Fed. R. Civ. P. 59(e) within the inextendible ten-day limitation allowed under the rule, but without setting forth in particularity any ground therefor as required by Fed. R. Civ. P. 7(b) (hence the name "skeletal" motion for its lack of substance). The offending counsel then took as long as he desired to file his papers or briefs setting forth grounds. In the case presented, this act was done long after the lapse of the ten-day limitation on the motion and after the lapse of the 30 day limitation allowed for an appeal from entry of judgment.

A Conflict Among The Circuits Exists

In the First, Second, Third, Fifth, Seventh and District of Columbia Circuits, such irregularity in a post-trial motion would not toll the running of the period for filing notice of appeal. Thus, an appeal such as the one here would have been dismissed as untimely. *See, e.g., Martinez* v. *Trainor,* 556 F.2d. 818 (7th Cir. 1977). The rule in these Circuits is one of "strict" application, that neither a belated motion nor a motion without reasons can give the trial court the jurisdiction necessary to hear and act on such motion, thereby enlarging the time for appeal. *Martinez* v. *Trainor, supra* at 821 citing *Fine* v. *Paramount Pictures, Inc.,* 181 F.2d 300, 304 (7th Cir. 1950), *accord, Safeway Stores, Inc.* v. *Coe,* 78 U.S. App. D.C. 19, 136 F.2d 771, 773 (1943); *Jusino* v. *Morales & Tio,* 139 F.2d 946 (1st Cir. 1944); *Virginia Land Co.* v. *Miami Shipbuilding Corp.,* 201 F.2d 506 (5th Cir. 1953); *Raughley* v. *Pennsylvania R.R.,* 230 F.2d 387 (3d Cir. 1956); *Edwards* v. *Doctors Hospital, Inc.,* 242 F.2d 888 (2d Cir. 1957); see also, *Marshall's U.S. Auto Supply, Inc.* v. *Cashman,* 111 F.2d 140, at 141-42 (10th Cir. 1940); *cert. den.,* 311 U.S. 667, 85 L.Ed. 428, 61 S.Ct. 26 (1940), wherein the court ruled that a plaintiff's motion for new trial which merely recited general averments as grounds therefor did not provide the lower court proper basis to act on the motion.

However, the Fourth and Ninth Circuits have taken the conflicting stance. In these Circuits irregular post-trial motions filed without statements of grounds therefore are nonetheless allowed to toll the period for filing notice of appeal in order to allow otherwise untimely appeals to be taken. See *Witt* v. *Merrill,* 208 F.2d 285

(4th Cir. 1953); *Yanow* v. *Weyerhauser Steamship Co.*, 274 F.2d 274 (9th Cir. 1959).

In *Witt* v. *Merrill*, the Fourth Circuit explained its reasons for taking this stance, the first being that since the Rules of Civil Procedure are to be liberally construed, to deny appellate review because grounds were not stated in a post-trial motion would be enforcement of a technicality in controvention of the spirit of the rules; and second, that the mere filing of a post-trial motion, albeit irregular or otherwise in non-compliance with the rules, is sufficient notice to the opposing party that the moving party intends to appeal.

As to the latter point, it would seem strange indeed that liberal interpretation of the Federal Rules of Civil Procedure would be allowed to go so far as to make an irregular post-trial motion a surrogate notice of appeal. Likewise, it does not seem realistic to insist that a post-trial motion lacking any statement of grounds therefore informs the recipient counsel at time of receipt that the moving party intends to appeal.

Of more importance, however, is the Fourth Circuits' misplaced adherence to the position that liberal interpretation of the federal rules is appropriate here. As stated above, this Court has time and again insisted that federal statutes and rules touching upon timeliness of appeal are to be strictly applied because of the mandatory jurisdictional nature of same. As this Court has explained,

> "the purpose of the rule is clear: it is 'to set a definite point of time when litigation shall be at an end, unless within that time the prescribed application has been made; and if it has not, to advise prospective appellees that they are freed of the

> appellant's demands. Any other construction of the statute would defeat its purpose.' *Browder,* supra, at 264."

In this vein, it can be seen that the liberal approach of the Fourth and Ninth Circuits frustrates the above stated purpose by allowing untimely filed appeals to be entertained. Moreover, this approach unfairly favors the non-complying party by allowing his interest in taking an untimely appeal to prevail over the other party's competing interest in finality of judgment. If any party is to be caused inconvenience or loss as a result of one party's failure to comply with the rules, it should be the non-complying party, not the other.

Thus, the Fourth and Ninth Circuits' stance on the issue perpetuates an unnecessary split in the circuits, violates the principles of fairness, and runs contrary to previous directives from this Court.

Moreover, to allow the reasoning of the Fourth and Ninth Circuits to stand would only act to allow a barrage of late filed appeals to be taken. In these days of highly loaded appellate dockets, such practice should not be allowed to stand. As the court observed in *Martinez, supra,* at 820:

> ". . . if a party could file a skeleton motion and later fill it in, the purpose of the time limitation would be defeated. 'Casting this substantial doubt on the finality of judgment would increase the burdens of an already overloaded federal judiciary.' 9 Moore's Federal Practice § 204.13[2], at 978."

CONCLUSION

For the reasons stated above, cross-petitioners respectfully urge that if PICO's petition for a writ of certiorari is granted that a writ of certiorari be issued on this cross-petition as well. If, however, PICO's petition for writ of certiorari is denied, the present cross-petition will be rendered moot.

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APPENDIX

PUBLISHED

UNITED STATES COURT OF APPEALS FOR THE FOURTH CIRCUIT

No. 80-1428

POTTER INSTRUMENT COMPANY, INC., *Appellant*,

versus

STORAGE TECHNOLOGY CORPORATION; TELEX COMPUTER PRODUCTS, INC.; SPERRY CORPORATION; CONTROL DATA CORPORATION, *Appellees*.

Appeal from the United States District Court for the Eastern District of Virginia, at Alexandria. Oren R. Lewis, District Judge.

Argued December 4, 1980 Decided February 23, 1981

Before HAYNSWORTH, Chief Judge, FIELD, Senior Circuit Judge, and PHILLIPS, Circuit Judge.

David R. Murphy for Appellant; Richard E. Kurtz (Woodcock Washburn Kurtz Mackiewicz & Norris on brief) and Allen Kirkpatrick (Cushman Darby & Cushman; Alan E. J. Branigan, Griffin Branigan and Butler; Harrison McCandlish, LeBlanc Nolan Shur & Nies on brief) for Appellees.

HAYNSWORTH, Chief Judge:

Potter Instrument Co., Inc. filed in the district court separate suits against Storage Technology Corp., Control Data Corp., Sperry Corp., and Telex Computer Products, Inc., alleging infringement of two patents. Potter requested monetary, but not injunctive relief. The actions were consolidated for trial and the district court granted defendants' motions to dismiss on the grounds of equitable estoppel and laches.

This court has on occasion addressed the equitable doctrines of laches and estoppel in patent infringement suits. *See* Eastern Venetian Blind Co. v. Acme Steel Co., 188 F.2d 247, 254 (4th Cir. 1951); Baker-Cammack Hosiery Mills v. Davis Co., 181 F.2d 550, 564-68 (4th Cir. 1950); Fretwell v. Gillette Safety Razor Co., 106 F.2d 728, 730-31 (4th Cir. 1939); Hartford-Empire Co. v. Swindell Bros., 96 F.2d 227, 232-33, modified, 99 F.2d 61 (4th Cir. 1938); Denominational Envelope Co. v. Duplex Envelope Co., 80 F.2d 186, 193-94 (4th Cir. 1935). Those occasions have not invited comprehensive treatment of the subjects. Other courts, however, recently have surveyed the area. *E.g.*, Studiengesellschaft Kohle v. Eastman Kodak Co., 616 F.2d 1315, 1325-28 (5th Cir. 1980); TWM Mfg. Co. v. Dura Corp., 592 F.2d 346 (6th Cir. 1979).

The laches defense "may be invoke where the plaintiff has unreasonably and inexcusably delayed in prosecuting its rights and where that delay has resulted in material prejudice to the defendant." *Eastman Kodak*, 616 F.2d at 1325.

The district court found that Potter should have known of the alleged infringement of the '894 patent for more than six years before it filed suit. A delay of six years a presumption that the delay was unreasonable and that the defendant was prejudiced. *Eastman* v. *Kodak*, 616 F.2d at 1326; *TWM Mfg. Co.*, 592 F.2d at 348-40. The district court considered and rejected each of the justifications which Potter offered for the delay.

With respect to the '685 patent, the delay in filing suit was slightly less than six years. The district court nonetheless found that the delay was unreasonable and that the defendants were prejudiced.

The invocation of the estoppel or laches doctrines is within the sound discretion of the district court and will be reversed only if clearly erroneous. *Eastman Kodak*, 616 F.2d at 1325. Because we do not find clear error, we affirm the dismissal on the laches ground.

The district court also held that Potter "ought to be estopped from bringing an infringement action against these defendants under the '685 patent." Although we would be inclined to uphold this ground of decision on the facts of this case, we think that the invocation of the doctrine of estoppel would produce a result unintended by the district court. Unlike laches, which only bars recovery of damages for past infringement, estoppel forecloses, as well, prospective patent enforcement through an injunction or through damages for continuing infringement. *Eastman Kodak*, 616 F.2d at 1325. The district court, however, clearly did not intend for its dismissal to have that effect:

> Whatever right the plaintiff has to enforce its delayed infringement claims against these defendants will not be impaired by the dismissal of this consolidated suit—the defendants are the real parties-in-interest in the plaintiff's pending suit in the United States Court of Claims—all available discovery has been completed and the Court of Claims' action is now ready for hearing on the merits as soon as that Court's docket permits.

Consistent with the district court's view of the preclusive effect of its decision, we limit our affirmance to the laches ground of decision.

AFFIRMED.

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF VIRGINIA
ALEXANDRIA DIVISION

Civil Action No. 79-579-A

POTTER INSTRUMENT COMPANY, INC., *Plaintiff*,

v.

STORAGE TECHNOLOGY CORPORATION, *Defendant*.

Civil Action No. 79-626-A

POTTER INSTRUMENT COMPANY, INC., *Plaintiff*,

v.

TELEX COMPUTER PRODUCTS, INC., *Defendant*.

Civil Action No. 79-993-A

POTTER INSTRUMENT COMPANY, INC., *Plaintiff*,

v.

TELEX COMPUTER PRODUCTS, INC., *Defendant*.

Civil Action No. 79-994-A

POTTER INSTRUMENT COMPANY, INC., *Plaintiff*,

v.

SPERRY CORPORATION, *Defendant*.

Civil Action No. 79-995-A

POTTER INSTRUMENT COMPANY, INC., *Plaintiff*,

v.

CONTROL DATA CORPORATION, *Defendant*.

ORDER

(Filed March 12, 1980)

Upon examination of the voluminous documents filed herein and after careful consideration of the evidence submitted by the parties in support of their respective positions, and upon argument of counsel—the Court is of the opinion that the defendants' joint and several motions to dismiss these consolidated infringement suits on the grounds of laches and equitable estoppel ought to be GRANTED, and

It Is So Ordered.[1]

This without prejudice to Potter's right to pursue its currently pending parallel infringement suits against the United States and these defendants[2] in the United States Court of Claims, if it be so advised.

The Clerk is directed to send a copy of this Order to the Honorable Francis C. Browne of the United States Court of Claims, and to all counsel of record.

United States Senior District Judge
/s/ OREN R. LEWIS

March 12, 1980

All pretrial discovery has been completed—this controversy is now overripe for settlement[3] and/or trial on the merits in the Court of Claims as soon as that Court's docket permits.

A True Copy, Teste:
W. Farley Powers, Jr., Clerk

By /s/ DOREEN JONES
Deputy Clerk

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[1] The Court will file its findings and conclusions in the next week or so.

[2] They were made third-party defendants in the Court of Claims suit in 1978.

[3] Hearing on the several pending motions for sanctions will be deferred until this case is settled and/or set for trial in the Court of Claims.

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF VIRGINIA
ALEXANDRIA DIVISION

Civil Action No. 79-579-A

POTTER INSTRUMENT COMPANY, INC., *Plaintiff*,

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SPERRY CORPORATION, *Defendant*.

Civil Action No. 79-995-A

POTTER INSTRUMENT COMPANY, INC., *Plaintiff*,

v.

CONTROL DATA CORPORATION, *Defendant*.

FINDINGS AND CONCLUSIONS

(Filed March 25, 1980)

These suits were brought by the Potter Instrument Company, Inc. (Potter) against Storage Technology Corporation (STC),[1] Telex Computer Products, Inc. (Telex),[2] Sperry Corporation (Sperry),[3] and Control Data Corporation (CDC)[4] charging the defendants with infringement of United States Letters Patent No. 3,176,894 ("the '894 patent") by making, using and selling magnetic tape drives employing an "industry standard Z buffer" and United States Letters Patent No. 3,226,685 ("the '685 patent") by making, using and selling magnetic tape recording systems employing Group Coded Record (GCR) adopted as an industry-wide standard by the American National Standards Institute (ANSI).

The defendants claimed these patents were invalid and denied the claimed infringement.

A parallel proceeding is currently pending in the United States Court of Claims. The Court of Claims proceeding was instituted on March 24, 1978 when Potter filed suit against the United States Government alleging infringement of the '894 and '685 patents in connection with the United States Government's use of computer equipment and tape drives supplied by STC, Telex, Sperry and CDC. The defendants were made third-party defendants.

These consolidated cases came on for hearing on the joint and/or individual motions of the defendants for summary judgment on the basis of, *inter alia*, file wrapper estoppel, laches, and equitable estoppel.

The Court declared the file wrapper estoppel claim premature and scheduled the laches and estoppel issues for further hearing.

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[1] Civil Action No. 79-579-A (filed July 6, 1979).

[2] Civil Action Nos. 79-626-A and 79-993-A (filed July 24, 1979 and November 21, 1979, respectively).

[3] Civil Action No. 79-994-A (filed November 21, 1979).

[4] Civil Action No. 79-995-A (filed November 21, 1979).

Detailed memoranda of points and authorities, together with voluminous exhibits and live testimony, were submitted by each of the parties in support of their respective positions.

From the record thus made, the Court finds that the '894 patent was issued to Robert E. Schoeneman as inventor on April 6, 1965. This patent, allegedly covering "industry standard Z buffer" magnetic tape drives, was owned by Potter during the time period relevant to this consolidated action.

The '685 patent, allegedly covering the industry standard "GCR" recording and information storage technique, was also owned by Potter during the relevant time period.

Although the record is silent as to when, if ever, Potter began manufacturing and marketing its Z buffer tape drive and GCR recording equipment, it had bulk paid-up licensing agreements with IBM and other manufacturers covering both the '894 and '685 patents as early as 1971.

In early 1970, Potter had actual and/or constructive notice that each of the defendants had developed and were selling tape drives utilizing the accused industry standard Z buffer and, later, the GCR technique.

STC introduced its first magnetic tape drive employing an industry standard Z buffer at the Atlantic City National Computer Conference in the spring of 1970—this conference was attended by Potter representatives. STC sold its first Z buffer tape drive in late 1970.

Beginning in 1970, STC undertook a marketing program for its tape equipment which included low profit sales to original equipment manufacturers (OEMs).

On December 1, 1971, Potter wrote to STC concerning possible infringement of the '894 patent. Subsequent corresponding relating to the '894 patent between Potter's patent counsel and STC's patent counsel followed during

1972. This correspondence terminated with a letter dated January 17, 1973—nothing more was heard from Potter regarding the '894 patent until this suit was filed in 1979.

On March 8, 1973, STC publicly announced its GCR tape recording system—a copy of which announcement was received by Potter. On May 17, 1973, George W. May, then president of Potter, wrote to STC stating that the '685 patent covered the fundamental concept of GCR and offered STC a license under the '685 patent.

STC began selling its tape drives employing GCR technology after the March 8, 1973 announcement, for delivery in the fourth quarter of 1973. In March 1974, John T. Potter reported to the Potter Board of Directors that STC was infringing its '685 patent—no legal action was undertaken by Potter against STC for patent infringement until the filing of this suit in 1979.

Telex publicly announced its Z buffer tape drive in May 1970 and subsequently made shipments to customers in the latter part of 1970.

Potter first contacted Telex regarding the '894 patent in a letter dated November 10, 1971, in which Potter directed Telex's attention to the '894 patent. An exchange of correspondence followed which included a letter from Telex's patent counsel denying infringement of the '894 patent and a letter dated October 25, 1972 from Potter threatening immediate legal action if Telex did not take a license under the '895 patent. Nothing further was said or done regarding the '894 patent until this suit was filed in 1979.

In May 1975, Telex negotiated for and purchased Potter's United Kingdom assets for approximately $500,000.00. Potter neither claimed nor mentioned infringement of its '894 patent during these negotiations.

The record is devoid of evidence concerning precisely when Telex introduced and began marketing its GCR tape

equipment. However, the undisputed evidence discloses that Potter became aware of Telex's GCR equipment and the possibility that Telex might be infringing on its '685 patent in 1976—as evidenced by the exchange of correspondence between Potter and Telex with regard to the '685 patent initiated by Potter's letter of February 13, 1976 and terminated by Telex's letter of February 3, 1977.

On November 10, 1970, Sperry Univac issued a press release to approximately 75 magazines and trade journals announcing the introduction of the accused Sperry Univac Uniservo-20 tape drive. This tape drive, which employs the accused Z buffer, was given wide publicity at trade shows following the November announcement.

On December 31, 1971, the Sperry Univac Division of Sperry acquired the computer business and operations of the RCA Corporation in a widely publicized transaction. RCA had earlier acquired a paid-up license under numerous Potter patents, including the '894 patent.

CDC issued press releases to the computer industry regarding its own Z buffer tape drive no later than August 22, 1973. On or before September 27, 1973, CDC had begun leasing the accused Z buffer tape drive. As of the time of the press releases, Potter knew or should have known that CDC was marketing the accused Z buffer tape drives.

Potter never asserted any infringement claim under the '894 patent against CDC until the filing of this suit in 1979.

With respect to the GCR patent, in November 1973, the ANSI Subcommittee X3B1 received a proposal from IBM —which was licensed by Potter under the '685 patent—for adoption of GCR recording as an industry-wide standard. GCR is allegedly an infringement of the '685 patent in suit. Representatives of Potter attended the November 1973 ANSI subcommittee meeting but did not disclose

Potter's ownership of the '685 patent or any other patents relating to the proposed GCR standard.

ANSI Subcommittee X3B1 formulates industry-wide standards for magnetic tape information interchange systems. The Subcommittee had a written policy, of which all members were aware, stating that when any one or more patents are to be included within a proposed industry standard, the owner of such patent[s] must bring to the attention of the Subcommittee the existence of such patents and agree to offer licenses to members of the affected industry on reasonable and nondiscriminatory terms as a prerequisite to the adoption of the industry-wide standard. This policy was adopted to allow all industry members an equal opportunity to utilize any industry-wide standard adopted.

The GCR recording was adopted as the industry-wide standard in June of 1976.

During the time periods relevant to this suit, Potter was fully cognizant of the methods used to protect one's patents and patent rights. On January 2, 1970, it instituted a suit against Bucode, Inc. for infringement of, *inter alia*, its '894 patent (184 U.S.P.Q. 662 [1975]). After protracted litigation, the '894 patent was held valid by the District Court—this suit was compromised and settled pending appeal.

Potter took no action against any of the alleged infringers, either during or after the conclusion of the Bucode suit, prior to filing the Court of Claims' suit against the United States.

Potter's economic survival reached the acute stage in late '73 or early '74—many of its patents, including the '894 and '685 patents, were assigned to the Midland Bank of New York as security for bank loans—Alexander was employed as its financial consultant in late 1974, and the Company filed its petition for a Chapter XI Bankruptcy in

April 1975. Potter remained as debtor in possession with Alexander as its new president.

None of these infringement claims were listed as assets or choses in action in Potter's Chapter XI Bankruptcy petition.

Alexander neither petitioned the Bankruptcy Court nor took any action as debtor in possession against any of these defendants in re their right to continue using the '894 or the '685 patents, even though the Potter Board of Directors had been advised by one of its patent advisors that failure to so do might give rise to the defense of laches.

Instead, Potter sought and obtained permission from the Bankruptcy Court to employ counsel on a contingent basis to bring suit against the United States in the Court of Claims for infringement of its '894 and '685 patents—in the hopes that the Government would bring in the defendants as third-party defendants and force a settlement—which was done in a similar suit filed against the United States in the Court of Claims.

Suit was filed against the United States in the Court of Claims on March 24, 1978, and the Government gave notice of the suit to these defendants in September 1978.

Potter changed counsel in the Court of Claims' suit—and he recommended that individual infringement suits be brought in this Court against these defendants, on a contingent basis—three were filed in July 1979; three were filed in November 1979; two have been settled, and four remain to be settled and/or tried.

Although an unusually large amount of pretrial discovery has been had both in the Court of Claims and in this Court, many of the pertinent documents have disappeared and many of the material witnesses, including the inventors of the patents in suit, have suffered lapses of memory or otherwise have become unavailable.

While the causes are myriad, much of the blame is attributable to Potter's delay in filing these suits.

Potter's unsupported contention that laches is not applicable to suits at law[5] is inapposite to all the relevant authorities.

It is clear in the Fourth Circuit that the equitable doctrine of laches is applicable to suits brought solely at law. See *Giddens* v. *Isbrandtsen Co.*, 355 F.2d 125 (4th Cir. 1966). Similarly, laches has expressly been held applicable to patent infringement actions. *TWM Manufacturing Co., Inc.* v. *Dura Corporation*, 592 F.2d 346 (6th Cir. 1979); *Baker Manufacturing Co.* v. *Whitewater Manufacturing Co.*, 430 F.2d 1008 (7th Cir. 1970), *cert. denied*, 401 U.S. 956 (1971); *Union Shipbuilding Co.* v. *Boston Iron & Metal Co.*, 93 F.2d 781 (4th Cir. 1938); *Wolf Mineral Process Corp.* v. *Minerals Separation N.A. Corp.*, 18 F.2d 483 (4th Cir. 1927).

Laches may be invoked when the prejudice to the defendant caused by the plaintiff's unexcused delay in instituting suit outweighs the harm to the plaintiff caused by the acts of the defendant upon which the suit is predicated. It is sustainable upon proof of two elements: (1) lack of diligence by the party against whom the defense is asserted, and (2) prejudice to the party asserting the defense. See *Costello* v. *United States*, 365 U.S. 265 (1961).

In construing this two-pronged standard, Judge Albert V. Bryan, Sr., speaking for the Fourth Circuit, stated in *Giddens, supra*, that:

> . . . the presence of laches is ascertained by a balancing of the claimant's delay with the proferred excuse, if any, against the defendant's consequent detriment.

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[5] The plaintiff asserts that this consolidated action is an action at law rather than an action in equity because Potter seeks only monetary damages and no injunctive relief.

> The determination demands a weighing of equities. These in turn depend upon an assay of the circumstances. 355 F.2d 125, 127.

The length of delay constituting laches is generally analogized to a corresponding statute of limitations—but the laches period may be longer or shorter than the analogous statutory period, depending on the individual facts and circumstances of each case. *Giddens, supra,* at 127; *Gillons* v. *Shell Co. of California,* 86 F.2d 600 (9th Cir. 1936), *cert. denied,* 302 U.S. 689 (1937).

Although there is no express statute of limitations for patent infringement suits, 35 U.S.C. § 286 limits a patentee's recovery in a patent infringement action to the six-year period immediately preceding the filing of the suit. *TWM Manufacturing Co., supra,* at 348.

The time when the patentee gains knowledge—either actual or constructive—of the alleged infringement triggers the running of the laches period. *TWM Manufacturing Co., supra,* at 348; *Dymo Industries* v. *Monarch Marking Systems,* 474 F.Supp. 412, 414 (N.D. Tex. 1979)—the period stops when the patentee files suit against the alleged infringer.

Potter filed suit in this Court against these defendants for their alleged commercial infringement of the '894 and '685 patents in 1979. Its 1978 suit against the United States in the Court of Claims alleging that the defendants' products infringed its '894 and '685 patents was for governmental infringement only. The Court of Claims' suit did not toll the running of the laches period against these defendants for commercial infringement. See *TWM Manufacturing, supra,* at 349.

Where there has been an unreasonable delay by a patentee in bringing suit for infringement of his patent, there is a presumption that the alleged infringer has been pre-

judiced by the delay. The weight of authority indicates that delays in excess of six years in bringing such suits are presumptively unreasonable—and shifts the burden of proof to the patentee plaintiff to show a legally cognizable excuse for the delay.

This rule has been in existence at least since its promulgation by the Ninth Circuit in *Gillons* v. *Shell Co. of California*, 86 F.2d 600 (9th Cir. 1936), *cert. denied*, 302 U.S. 689 (1937). In 1970, the Seventh Circuit in applying laches to bar a patent infringement suit delayed for seven years after notice of infringement, cited *Gillons* with approval. *Baker Manufacturing Co.* v. *Whitewater Manufacturing Co.*, 430 F.2d 1008 (7th Cir. 1970), *cert. denied*, 401 U.S. 956 (1971).

While the Fourth Circuit has not specifically addressed the six-year rule, this presumption has been adopted by the Second,[6] Sixth,[7] and Tenth [8] Circuits by the district court in the Fifth[9] and District of Columbia Circuits [10]—and by this Court, and counsel has been so advised.

The plaintiff was given every opportunity to justify its long delay in bringing these infringement suits and they failed to so do.

The undisputed evidence clearly shows that Potter delayed bringing suit against these defendants for infringement of the '894 patent for more than six years after it

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[6] *Jones* v. *Ceramco, Inc.*, 387 F.Supp. 940 (E.D.N.Y. 1975), *aff'd* 526 F.2d 585 (2nd Cir. 1975).

[7] *TWM Manufacturing Co., Inc.* v. *Dura Corporation*, 592 F.2d 346 (6th Cir. 1979).

[8] *Maloney-Crawford Tank Corp.* v. *Rocky Mountain Natural Gas Co.*, 494 F.2d 401 (10th Cir. 1974).

[9] *Dymo Industries, Inc.* v. *Monarch Marking Systems*, 474 F. Supp. 412 (N.D. Tex. 1979).

[10] *Van't Veld* v. *Honeywell*, 440 F.Supp. 1020 (D.D.C. 1979).

had knowledge of the alleged infringement by these defendants.

Potter's attempt to excuse this delay on the grounds they were negotiating with the defendants in re-licensing and were in the process of suing another company (Bucode) for infringement of the '894 patent—and their precarious financial condition—are simply not supported by the evidence.

Potter failed to call any of its corporate officers, many of whom were available, except its present president, to explain why their so-called licensing offers were rejected or why they delayed filing infringement suits against these defendants. None of Potter's office memoranda or copies of its correspondence in re these negotiations were offered in evidence. The correspondence in evidence came from the defendants' files. All the defendants denied they were infringing the '894 patent. That must have ended the matter as far as Potter was concerned because they did nothing to stop any of the defendants from continuing to manufacture and sell their machines. Although Potter's present president was not with the Company until late 1974, he offered no explanation as to why these suits were not filed until late 1979—except that he was too engrossed in keeping the Company financially afloat to look into the matter before then.

However one characterizes these licensing negotiations, they terminated more than six years before these infringements suits were filed.

Similarly, Potter's maintenance of the Bucode litigation does not constitute a legally cognizable excuse for Potter's delay in suing these defendants for infringement of its '894 and '685 patents. Other patent infringement litigation brought by a patentee does not excuse a delay in suing other defendants for infringing the same patent. *Advanced Hydraulics, Inc.* v. *Otis Elevator Company*, 525 F.2d 477 (7th Cir. 1975), *cert. denied*, 423 U.S. 869 (1975).

The bald knowledge that a patentee has sued other companies for patent infringement does not impute knowledge of the patentee's intention to sue all infringers for patent infringement—even if the patents in suit are identical. At the very least, at some time during the course of the Bucode litigation, Potter should have notified the defendants of its intention to sue them for infringing its '894 patent upon obtaining a favorable resolution of the Bucode case. *American Home Products Corp.* v. *Lockwood Manufacturing Co.*, 483 F.2d 1120 (6th Cir. 1973), *cert. denied*, 414 U.S. 1158 (1974).

For the period from 1975 up until these suits were filed in 1979, Potter cites its financial difficulties as its primary reason for failing to sue. However, except in unusual circumstances, poverty is ordinarily no excuse for delay in filing suit. A party's poverty or pecuniary embarrassment is not a sufficient excuse for unreasonably postponing the assertion of its legal rights. *Hayward* v. *National Bank*, 96 U.S. 611 (1877); *Leggett* v. *Standard Oil Co.*, 149 U.S. 600 (9th Cir. 1936), *cert. denied*, 302 U.S. 689 (1937).

The plaintiff offers no excuse for its failure to timely sue the defendants under the '685 patent—its position with respect to this patent is that there was no presumptive unreasonable delay, with the possible exception of STC—the period of delay being less than six years.

Nevertheless, laches should be applied where the delay has been less than six years if the facts and circumstances so warrant—if the defendants have suffered enough prejudice from the delay. This policy was enunciated by the Fourth Circuit in *Fretwell* v. *Gillette Safety Razor Co.*, 106 F.2d 728 (4th Cir. 1939), recognized in *Giddens* v. *Isbrandtsen Co.*, 355 F.2d 125 (4th Cir. 1966), and exemplified in *Advanced Hydraulics, Inc.* v. *Otis Elevator Co.*, 525 F.2d 477 (7th Cir. 1975), *cert. denied*, 423 U.S. 869 (1975).

The Court finds from the evidence that the defendants have been seriously and irreparably prejudiced by the plaintiff's delay in filing this consolidated patent infringement suit. Prejudice "contemplates the dispersal and inaccessibility of witnesses, the dimming of recollections and other disadvantages incident to the lapse of time." *Giddens v. Isbrandtsen,* 355 F.2d 125, 127 (4th Cir. 1966). The facts are clear that, as a result of the long delay in the filing of these suits, many crucial documents, including the inventor's files, have become lost or been destroyed, and several crucial witnesses, including the inventors of the patents in suit, have either died or suffered lapses of memory. In addition, many of Potter's corporate records which are relevant to the defendants' case have been destroyed due to the ravages of time. This type of prejudice—the loss of relevant evidence—is clearly of the type upon which laches can be supported. See *Dymo Industries, Inc.* v. *Monarch Marking Systems,* 474 F.Supp. 412, 416 (N.D. Tex. 1979).

None of the defendants have included any possible royalty costs in the sale or lease of their machines. All claimed they were lulled into believing, by Potter's inaction, that their products were not infringing upon any of Potter's patents.

All testified they could and would have circumvented Potter's patent claims, had they been timely sued for infringement. The costs to so do now on the machines in place would be both prohibitive and impractical.

Further, the Court is of the opinion that Potter ought to be estopped from bringing an infringement action against these defendants under the '685 patent.

Estoppel is proper where "one has . . . acted to mislead another and the one thus misled had relied upon the action of the inducing party to his prejudice." *Advanced Hydraulics, supra,* at 479. Potter actively participated with the ANSI Subcommittee in developing GCR as the industry standard—it intentionally failed to bring its ownership of

the '685 patent to the committee's attention notwithstanding he committee's policy to the contrary. By so doing, Potter has gained a monopoly on the GCR industry standard without any obligation to make its use available on reasonable terms to competitors in the industry.

Equity will rarely, if ever, permit one to waive by acquiescence its alleged patent rights, for a long period of time [11] and attempt to assert them after they have been adopted as the industry standard.[12]

Whatever right the plaintiff has to enforce its delayed infringement claims against these defendants will not be impaired by the dismissal of this consolidated suit—the defendants are the real parties-in-interest in the plaintiff's pending suit in the United States Court of Claims—all available discovery has been completed and the Court of Claims' action is now ready for hearing on the merits as soon as that Court's docket permits.

Surely the defendants ought not to be put to the extra expense of defending the same claims in two federal courts.

The Order dismissing the above-styled suits was entered herein on March 12, 1980, with the Court's findings and conclusions to follow.

The Clerk will send a copy of these findings and conclusions to the Honorable Francis C. Browne of the United States Court of Claims, and to all counsel of record.

/s/ Oren R. Lewis
United States Senior District Judge

March 25, 1980

A True Copy, Teste:
W. Farley Powers, Jr., Clerk
By /s/ Maria Heurtt
Deputy Clerk

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[11] ANSI Subcommittee X3B1—November 1973.

[12] The GCR recording was adopted as the industry-wide standard in June 1976.

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
ALEXANDRIA DIVISION

Civil Action No. 79-579-A

POTTER INSTRUMENT COMPANY, INC., *Plaintiff*,

v.

STORAGE TECHNOLOGY CORPORATION, *Defendant*.

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v.

SPERRY CORPORATION, *Defendant*.

Civil Action No. 79-995-A

POTTER INSTRUMENT COMPANY, INC., *Plaintiff*,

v.

CONTROL DATA CORPORATION, *Defendant*.

ORDER

(Filed May 23, 1980)

THIS CAUSE came on to be heard on the 16th day of May 1980 and was argued by counsel.

1. Upon hearing plaintiff's Motion for Rehearing and considering the arguments of counsel, the Motion is denied;

2. Upon plaintiff's motion that an appeal bond be set, it is ordered that the appeal bond for a consolidated appeal is three thousand five hundred dollars ($3,500.00);

3. Upon consideration of defendants' Storage Technology Corporation, Sperry Corporation and Telex Computer Products, Inc., Motion for Voluntary Dismissal of their Counterclaims without prejudice to reinstate the counterclaims in the events these actions are remanded to this Court for a trial on the merits;

4. ORDERED, that Defendants' Joint Motion for Voluntary Dismissal without prejudice should be and hereby is granted;

5. This order is without prejudice to any of the rights of the parties in the Court of Claims Docket No. 111-78;

ENTERED at Alexandria, Virginia, this 23rd day of May 1980.

/s/ OREN R. LEWIS
Oren R. Lewis
District Court Judge

A True Copy, Teste:
W. Farley Powers, Jr., Clerk

By /s/ RUTH WARDMAN
Deputy Clerk

SEEN AND AGREED

WILLIAM O. BITTMAN, ESQUIRE
Attorney for Defendant
Storage Technology Corporation

UNITED STATES COURT OF APPEALS
FOR THE FOURTH CIRCUIT

No. 80-1428

POTTER INSTRUMENT COMPANY, INC.,
Appellant,

versus

STORAGE TECHNOLOGY CORPORATION, ET AL,
Appellees.

ORDER

(Filed Aug. 12, 1980)

Upon consideration of the motions to dismiss appeal and the responses to the motions, by counsel,

IT IS ORDERED that the motions to dismiss the above appeal are denied.

Entered at the direction of Judge Phillips, with the concurrence of Judge Sprouse and Judge Ervin.

For the Court,

/s/ WILLIAM K. SLATE, II
Clerk

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IN THE UNITED STATES DISTRICT COURT
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CONTROL DATA CORPORATION, *Defendant*.

MOTION FOR REHEARING

Now Comes the plaintiff, Potter Instrument Co., Inc., (PICO), and respectfully moves this Honroable Court for a rehearing pursuant to FRCP Rule 59 with respect to the matters set forth in the Order dated March 12, 1980, dismissing the above-identified cases on the grounds of laches and equitable estoppel.

This rehearing is requested on the ground that the Court has committed a manifest error of fact and law. However, since the undersigned has not received findings of fact and conclusions of law (see Footnote No. 1 to the Order), PICO is unable to fully state its grounds at this time. For the same reason, PICO is unable to file its brief at this time. Likewise, no specific date is requested for a hearing on this matter.

In summary, PICO respectfully requests rehearing and gives notice that it will set this down for oral argument after filing and service of its brief.

Respectfully submitted,

/s/ David R. Murphy
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Date: 3-19-80

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
ALEXANDRIA DIVISION

Civil Action No. 79-579-A

POTTER INSTRUMENT COMPANY, INC., *Plaintiff*,

v.

STORAGE TECHNOLOGY CORPORATION, *Defendant*.

Civil Action No. 79-626-A

POTTER INSTRUMENT COMPANY, INC., *Plaintiff*,

v.

TELEX COMPUTER PRODUCTS, INC., *Defendant*.

Civil Action No. 79-993-A

POTTER INSTRUMENT COMPANY, INC., *Plaintiff*,

v.

TELEX COMPUTER PRODUCTS, INC., *Defendant*.

Civil Action No. 79-994-A

POTTER INSTRUMENT COMPANY, INC., *Plaintiff*,

v.

SPERRY CORPORATION, *Defendant*.

Civil Action No. 79-995-A

POTTER INSTRUMENT COMPANY, INC., *Plaintiff*,

v.

CONTROL DATA CORPORATION, *Defendant*.

REVISED MOTION FOR REHEARING AND TO VACATE SUMMARY JUDGMENT

Now Comes the plaintiff, Potter Instrument Co., Inc., (PICO) and submits its revised Motion for Rehearing and to Vacate Summary Judgment under Rule 59(e) of the Federal Rules of Civil Procedure.

Since the plaintiff has now had the opportunity to study the Court's Findings of Fact and Conclusions of Law, filed March 25, 1980, it is now in a position to state more fully the grounds on which it moves the Court for a rehearing and to vacate summary judgment:

(a) There are genuine disputes as to material facts and factual inferences rendering summary judgment inappropriate (FRCP 56(c));

(b) The Court has misapprehended the significance of certain evidence;

(c) There is insufficient evidence to support the Court's conclusions of fact;

(d) The Court has made manifest errors of fact;

(e) The Court has made manifest errors of law.

A Brief in Support of Plaintiff's Motion for a Rehearing and to Vacate Summary Judgment will be filed shortly.

Respectfully submitted,

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IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
ALEXANDRIA DIVISION

Civil Action No. 79-579-A

POTTER INSTRUMENT COMPANY, INC., *Plaintiff*,

v.

STORAGE TECHNOLOGY CORPORATION, *Defendant*.

Civil Action No. 79-626-A

POTTER INSTRUMENT COMPANY, INC., *Plaintiff*,

v.

TELEX COMPUTER PRODUCTS, INC., *Defendant*.

Civil Action No. 79-993-A

POTTER INSTRUMENT COMPANY, INC., *Plaintiff*,

v.

TELEX COMPUTER PRODUCTS, INC., *Defendant*.

Civil Action No. 79-994-A

POTTER INSTRUMENT COMPANY, INC., *Plaintiff*,

v.

SPERRY CORPORATION, *Defendant*.

Civil Action No. 79-995-A

POTTER INSTRUMENT COMPANY, INC., *Plaintiff*,

v.

CONTROL DATA CORPORATION, *Defendant*.

JOINT MOTION TO STRIKE PLAINTIFF'S MOTION FOR REHEARING

Come now the Defendants in the above-styled actions and move this Court to strike Plaintiff's Motion for Rehearing on the grounds that it was filed out of time.

As set forth more fully in Defendants' accompanying Memorandum of Points and Authorities, Rule 59(e), Fed. R. Civ. P. under which Plaintiff seeks to alter or amend the judgment of this Court requires that it have served its request for rehearing not later than ten days after entry of judgment. However, Plaintiff, in what has become a continuing pattern of dilatoriness, did not file a perfected motion for rehearing until over a month after the 10 days provided for in Rule 59(e).

Because Rule 6(b)(2) of the Fed. R. Civ. P. does not permit any extension of time for filing a motion under Rule 59(e) it is respectfully submitted that Plaintiff's motion must be striken.

Respectfully submitted,

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IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
ALEXANDRIA DIVISION

Civil Action No. 79-579-A

POTTER INSTRUMENT COMPANY, INC., *Plaintiff*,

v.

STORAGE TECHNOLOGY CORPORATION, *Defendant*.

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Civil Action No. 79-994-A

POTTER INSTRUMENT COMPANY, INC., *Plaintiff*,

v.

SPERRY CORPORATION, *Defendant*.

Civil Action No. 79-995-A

POTTER INSTRUMENT COMPANY, INC., *Plaintiff*,

v.

CONTROL DATA CORPORATION, *Defendant*.

NOTICE OF APPEAL

Notice is hereby given that the plaintiff, Potter Instrument Co., Inc. (PICO) hereby appeals to the United States Court of Appeals for the Fourth Circuit from:

(a) the ORDER entered March 12, 1980 in the above-identified consolidated cases; and

(b) the FINDINGS AND CONCLUSIONS entered March 25, 1980 in the above-identified consolidated cases; and

(c) for the ORDER entered May 23, 1980 in the above-identified consolidated cases, which order denied the relief requested in PICO's motion for a rehearing based on the Order of March 12, 1980, and the Findings and Conclusions of March 25, 1980.

This appeal is taken pursuant to 28 USC 1291 since the dismissal in the May 23, 1980 Order is a final order.

This appeal is taken pursuant to the Federal Rules of Appellate Procedure in general and Rules 3 and 4 in particular.

Check number 10872 in the amount of $70.00 is attached to this Notice of Appeal and is being tendered to the Clerk of the District Court concurrently with this Notice of Appeal.

Respectfully submitted,

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Telephone (703) 521-2400

Date: 6-19-80

UNITED STATES COURT OF APPEALS
FOR THE FOURTH CIRCUIT

No. 80-1419

POTTER INSTRUMENT COMPANY, INC.,
Appellant,

- against -

CONTROL DATA CORPORATION,
Appellee.

Appeal from the United States District Court
for the Eastern District of Virginia,
Alexandria Division

APPELLEE'S MOTION TO DISMISS APPEAL

Now comes appellee and moves the Court to dismiss the appeal in Civil Action No. 79-995-A *Potter Instrument Co., Inc.* v. *Control Data Corporation,* U.S. District Court for the Eastern District of Virginia, Alexandria Division, on the ground that the appellant did not file a notice of appeal within the time required under Federal Rule of Appellate Procedure 4(a) and 28 USC 2107. This Court therefore lacks jurisdiction to entertain the appeal.

As set forth more fully in Appellee's attached memorandum in support of this motion, appellant did not file a perfected motion for rehearing in compliance with Federal Rule of Civil Procedure 7(b) until over a month after the 10 days provided for in Federal Rule of Civil Procedure 59(e).

Since appellant had not taken its appeal within thirty days from the entry of judgment, nor served a proper and

timely motion for a new trial, its right to appeal is lost.

/s/ Allen Kirkpatrick
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July 1, 1980

SUPREME COURT OF THE UNITED STATES

OFFICE OF THE CLERK

Washington, D. C. 20543

December 1, 1980

Allen Kirkpatrick, III, Esq.
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1801 K Street, NW
Washington, DC 20006

RE: Control Data Corporation
v. Potter Instrument Co.
No. 80-561

Dear Mr. Kirkpatrick:

The Court today entered the following order in the above-entitled case:

The petition for a writ of certiorari is denied. Justice White dissents from the denial of certiorari because the judgment below is in conflict with the judgments of other Courts of Appeals. *E.g., Martinez* v. *Trainor,* 556 F.2d 818, 821 (CA7 1977); *Jusino* v. *Morales,* 139 F.2d 946 (CA1 1944); *Virginia Land Co.* v. *Miami Shipbuilding Corp.,* 201 F.2d 506 (CA5 1953).

Very truly yours,

MICHAEL RODAK, JR., Clerk

By /s/ FRANCIS J. LORSON
Francis J. Lorson
Deputy Clerk

Office-Supreme Court, U.S.
FILED
JUL 10 1981
ALEXANDER L. STEVAS,
CLERK

No. 80-2097

81-52 IN THE

Supreme Court of the United States

October Term, 1981

POTTER INSTRUMENT COMPANY, INC.,
Petitioner,

v.

STORAGE TECHNOLOGY CORPORATION
TELEX COMPUTER PRODUCTS, INC.
SPERRY CORPORATION
CONTROL DATA CORPORATION,
Respondents.

On Writ of Certiorari to the United States Court of Appeals for the Fourth Circuit

RESPONDENTS' BRIEF IN OPPOSITION TO PETITION FOR CERTIORARI

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No. 80-2097

IN THE

Supreme Court of the United States

October Term, 1981

POTTER INSTRUMENT COMPANY, INC.
Petitioner,

v.

STORAGE TECHNOLOGY CORPORATION,
TELEX COMPUTER PRODUCTS, INC.,
SPERRY CORPORATION,
CONTROL DATA CORPORATION,
Respondents.

RESPONDENTS' BRIEF IN OPPOSITION TO PETITION FOR CERTIORARI

Nothing about this ordinary patent case which was dismissed because of laches warrants review by the Court. Potter Instrument Company (PICO) merely quarrels with or ignores findings of fact made below and advances the same arguments found wanting by the court of appeals and the district court.

There are no special and important reasons for review by this Court on Writ of Certiorari. No decisions are in conflict and no question of obvious and exceptional error is presented. The courts below did not depart from the accepted and usual course of judicial proceedings. No

important question of federal law requires settlement by this Court. Respondents, therefore, oppose the Petition for Writ of Certiorari to the United States Court of Appeals for the Fourth Circuit.

THE PROCEEDINGS

The Opinion of the United States Court of Appeals for the Fourth Circuit and the Findings and Conclusions of the United States District Court for the Eastern District of Virginia are included in an Appendix to this brief.

STATEMENT OF THE CASE

The patents in suit, 3,226,685 and 3,176,894 (the '685 and '894 patents, respectively) both issued in 1965. As early as 1969, PICO asserted that the '894 patent applied to a type of magnetic tape drive commonly used in the computer industry. When a type of magnetic recording known as "GCR" was proposed as an industry standard in early 1973 to the American National Standards Institute, PICO asserted initially that this standard was covered by the '685 patent. Respondents have steadfastly denied that their equipment infringes these patents.[1]

1. Except for minor "nuisance" settlements, the computer industry has never paid tribute to these patents. Contrary to the unsupported assertion in PICO's Petition at p. 5, IBM developed GCR independently without any reliance on PICO's technology or patents. PICO and IBM did have a broad cross-license agreement involving literally thousands of IBM and PICO patents, but IBM's license under the '685 patent was incidental to the broad cross-license under all patents. Moreover, Henry J. Hall, who conducted the negotiation of the license for IBM, testified unequivocally during his deposition that "other than nuisance value significance" no monetary value was accorded either the '894 or '685 patent by IBM.

After many years of equivocation and changing views of the asserted infringement on behalf of the PICO management, PICO finally filed suits in the district court below in July and November, 1979, charging that an industry standard tape drive infringed the '894 patent and that any device using ANSI standard GCR necessarily infringes the '685 patent. (PICO Petition pp. 5 and 8).

Between the time when PICO first asserted its patents and the bringing of the present suits, extensive decay of the defensive evidence occurred. The '685 patent was already eight years old in 1973 when PICO first asserted the patent, and apparently abandoned its assertion. Both patents were fourteen years old when the present suits were brought in 1979. As is to be expected where patents are 14 years old and about to expire, PICO's delay in bringing suit has led to the loss of much evidence upon which patent defendants usually rely. For example, the recollections of the inventors were considerably dimmed, several important witnesses died during the delay, PICO's files on the patents in suit have been lost or destroyed, including the inventor's files of the '685 patent, which were destroyed in 1979 when a wooden barn where PICO had moved files burned. Relevant documents which should have been in the possession of third parties could not be located and witnesses identified in interrogatory answers could not be located. None of PICO's presently employed management were employed by PICO when relevant events occurred so Respondents were unable to obtain answers to many of the interrogatories that are customarily used in patent cases. Further, because Respondents relied upon PICO's failure to take any action, royalty costs were not included in the sale or lease of their machines and Respondents' marketing strategy was different than it would have been if PICO's claim had been promptly asserted. PICO's delay encouraged Respond-

ents to make massive irreversible investments in their allegedly infringing products during the years when PICO remained silent.

Respondents moved to dismiss the actions in the district court on the grounds of laches, because of the prejudice engendered by the delay in bringing suit. The district court below, after reviewing hundreds of pages of pleadings, thousands of pages of exhibits, numerous briefs from all parties, and subsequent to hearing live testimony and oral argument on four days consuming hundreds of pages of transcript, dismissed PICO's actions for patent infringement in a decision based upon what the district court properly characterized as a "voluminous" evidentiary record. (Appendix A6).

PICO appealed to the Fourth Circuit Court of Appeals arguing the same points which it now asks this Court to review. Because PICO did not perfect its appeal within the required time, Respondents moved to dismiss the appeal. The motion was denied, and this Court denied an interlocutory Petition for a Writ of Certiorari (Docket No. 80-561). Respondents strongly urge the denial of the present Petition because of the lack of jurisdiction brought about by this untimely appeal.[2]

PICO abandoned its appeal with respect to the '894 patent as to all Respondents except Control Data Corporation.

The Fourth Circuit Court of Appeals unanimously affirmed the district court's dismissal on the grounds of laches. The decision is unexceptional and is of interest only to the parties to this law suit. It precludes PICO

2. While the Court of Appeals decision was favorable to Respondents, in view of PICO's Petition, a Cross-Petition for Writ of Certiorari is filed herewith pursuant to Rule 19.5, to preserve this jurisdictional issue and ensure the propriety of raising such issue in this Brief in Opposition.

from collecting damages for past alleged infringement of the two patents in suit but allows PICO to proceed against the government in a suit which it brought in the U. S. Court of Claims and in which the Respondents here are all third party defendants.

PICO asks this Court to review the factual question of the period of delay and the legal question of whether laches requires a set delay, i.e., six years, before it can be invoked.

SUMMARY OF THE ARGUMENT

Respondents oppose the Petition for Writ of Certiorari to the United States Court of Appeals for the Fourth Circuit for the following reasons:

(1) The courts below correctly interpreted a lengthy evidentiary record in finding laches and this Court should not review the extensive factual findings which were entered;

(2) The courts below followed this Court's previous holdings in respect of laches;

(3) No decisions are in conflict with the decisions below;

(4) The Court of Appeals had no jurisdiction in any event.

REASONS WHY THE PETITION SHOULD BE DENIED

The Courts Below Correctly Found the Delay in Filing Suit to Be Unreasonable Based on the Voluminous Record

In upholding the lower court's finding that laches should be applied, the Court of Appeals stated:

> "The district court found that Potter should have known of the alleged infringement of the '894 patent for more than six years before it filed suit. A delay of six years triggers a presumption that the delay was unreasonable and that the defendant was prejudiced. *Eastman v. Kodak*, 616 F. 2d at 1326 (sic)*; *TWM Mfg. Co.*, 592 F. 2d at 348-40. The district court considered and rejected each of the justifications which Potter offered for the delay.
>
> With respect to the '685 patent, the delay in filing suit was slightly less than six years. The district court nonetheless found that the delay was unreasonable and that the defendants were prejudiced." (Court of Appeals' Opinion, Appendix A20-21).

On the factual question of the delay, the district court found:

> "The undisputed evidence clearly shows that Potter delayed bringing suit against these defendants for infringement of the '894 patent for more than six years after it had knowledge of the alleged infringement by these defendants . . .
>
> The plaintiff offers no excuse for its failure to timely sue the defendants under the '685 patent—its position with respect to this patent is that there was

* *Studiengesellschaft Kohle m.b.H. v. Eastman Kodak Co.*

no presumptive unreasonable delay, with the possible exception of STC—the period of delay being less than six years." (Dist. Ct.'s Findings and Conclusions, Appendix A14 & A15).

PICO baldly asserts in its Petition that the delay period was less than six years, but this is directly contrary to the foregoing findings of fact of the courts below, and has no support whatsoever in the record.

The relief sought by the Petition would require this Court to review concurrent findings of the district court and a unanimous court of appeals, and to reappraise the testimony of various fact witnesses and a voluminous record. Questions which challenge factual findings of the court below are inappropriate for review on a Petition for Writ of Certiorari. A court of law such as this Court is, rather than a court for correction of errors in fact finding, cannot undertake to review concurrent findings of fact by two courts below in the absence of a very obvious and exceptional showing of error. *Graver Tank & Mfg. Co. v. Linde Air Products Co.*, 336 U. S. 271, 275 (1949), *adhered to on rehearing*, 339 U. S. 605 (1950), and cases cited therein.

The only question is whether the court below was justified in finding laches where the period of delay was slightly less than six years with respect to some, but not all, of the Respondents and with respect to only one of the patents.

This Court and the Circuit Courts Uniformly Hold That Laches Applies When the Delay Is Unreasonable, Without Reference to a Fixed Period

The length of time during which a party may rest upon his rights, without being guilty of laches varies with the circumstances of each case. *Halstead v. Grinnan*, 152 U. S. 412, 416-17 (1894). In *Costello v. United States*,

365 U. S. 265, 282 (1961), this Court defined the requisite elements for laches as: 1) lack of diligence by the party against whom the defense is asserted; and 2) prejudice to the party asserting the defense. The district court below expressly cited *Costello* and applied the rule to the facts of this case (Appendix A11). The Fourth Circuit Court of Appeals also correctly followed this Court's holdings on laches. The decision need not be reviewed.

No conflict between the circuits on the question of laches in patent cases exists, contrary to PICO's assertion (Petition at p. 10).

The circuit courts have uniformly applied the rule that there is no fixed period of delay time for invoking laches. Cases which have followed this rule include: *Denominational Envelope Co. v. Duplex Envelope Co.*, 80 F. 2d 186, 194 (4th Cir. 1935); *Advanced Hydraulics, Inc. v. Eaton Corp.*, 415 F. Supp. 283 (N. D. Ill. 1976); *Advanced Hydraulics, Inc. v. Otis Elevator Co.*, 525 F. 2d 477, 478 (7th Cir.), *cert. denied*, 423 U. S. 869 (1975); See *Studiengesellschaft Kohle m.b.H. v. Eastman Kodak Co.*, 616 F. 2d 1315, 1325 (5th Cir.), *cert denied*, — U. S. —, 101 S. Ct. 573 (1980); *Whitman v. Walt Disney Productions, Inc.*, 263 F. 2d 229, 232 (9th Cir. 1958); and *Lukens Steel Co. v. American Locomotive Co.*, 197 F. 2d 939, 941 (2d Cir. 1952). PICO does not cite a single case to the contrary.

Where the delay period is more than six years, lack of diligence and resultant prejudice are presumed.[3] How-

3. *TWM Mfg. Co., Inc. v. Dura Corp.*, 592 F. 2d 346 (6th Cir. 1979); See, e.g., *Gilleons v. Shell Co. of California*, 86 F. 2d 600 (9th Cir. 1936), *cert. denied*, 302 U. S. 689 (1937); *Baker Mfg. v. Whitewater Mfg. Co.*, 430 F. 2d 1008 (7th Cir. 1970), *cert. denied*, 401 U. S. 956 (1971); *Jones v. Ceramco, Inc.*, 387 F. Supp. 940 (E. D. N. Y.) *aff'd*, 526 F. 2d 585 (2d Cir. 1975); and *Maloney-Crawford Tank Corp. v. Rocky Mountain Natural Gas Co.*, 494 F. 2d 401 (10th Cir. 1974).

ever, the only applicability of the six year time period is in determining whether there is a presumption of unreasonable delay and prejudice. The courts never apply a fixed six year period in determining the merits of a laches defense.

The Clear Intent of Congress Was to Allow the Courts to Apply Discretionary Time Periods in Determining Laches

35 U. S. C. § 286, referred to in PICO's Petition at p. 9, places a limitation on the period for collecting damages only. It does not set a period for bringing suit; Congress has left this matter to the courts. PICO's assertion (Petition at p. 9) that "[t]he six-year statutory period was introduced to *preclude* the equitable defense of laches within that time" is patently erroneous. 35 U. S. C. § 286 (and its predecessor statute) is intended to supplement the equitable defenses of laches and estoppel, not to supplant them.

The litany about legislative history in PICO's Petition is irrelevant. The Act of March 3, 1897, c. 391, § 6, 29 Stat. 694, which amended the Act of July 8, 1870, c. 230 § 55,, 16 Stat. 206 (the predecessor of 35 U. S. C. § 286) placed a six-year limitation on the period for which damages can be collected.[4] In the intervening years, Congress has never adopted a statute of limitations for patent cases. In the absence of a federal statute of limitations during this period, the courts have applied the law of

4. In context, the patent committee report cited in PICO's Petition at p. 9 should be read as saying that six years is long enough for a patentee to recover for past infringement. The committee report in no way relates to the application of laches in patent cases, other than to infer that laches is in general applicable in such actions.

laches instead of state statutes of limitations. In view of the long lapse of time, the clear intent of Congress is to continue to allow the courts to apply a flexible period of time based on the facts of each individual case. The courts below did this correctly.

The Petition Should Be Denied Because the Court of Appeals Lacked Jurisdiction to Hear the Appeal

As more fully set forth in the concurrently filed Cross-Petition, PICO did not file a timely Notice of Appeal.[5] Thus, PICO's appeal from the district court should not have been heard. No jurisdiction exists for the present Petition. Denying PICO's Petition will have the effect of allowing the district court's decision on the laches issue to stand.

On many occasions heretofore this Court has made clear that time limitations for filing a notice of appeal are mandatory, jurisdictional, and to be strictly applied.[6] This Court has also continued to recognize that any other approach would defeat the time limitation's central purpose of providing finality to judgments. *Browder v. Director, Dept. of Corrections of Ill.*, 434 U. S. 257, 264 (1978), citing *Matton Steamboat Co. v. Murphy*, 319 U. S. 412, 415 (1943).

Fed. R. App. P. 4(a)(4) allows for the running of the time limitations to be tolled by a timely motion filed in the district court pursuant to Fed. R. Civ. P. 52(b) or

5. If PICO's Petition is denied, consideration of the Cross-Petition will not be necessary because it will be moot.

6. See, e.g., *Browder v. Director, Dept. of Corrections of Ill.*, 434 U. S. 257, 264 (1978); *United States v. Robinson*, 361 U. S. 220, 229 (1960). *See also, United States v. F. & M. Schaefer Brewing Co.*, 356 U. S. 227 (1958); *Matton Steamboat Co. v. Murphy*, 319 U. S. 412 (1943); *George v. Victor Talking Mach. Co.*, 293 U. S. 377 (1934); and 73 A. L. R. 2d 235 (1958).

59. *Browder, supra,* at 264. Under those rules a ten-day limitation is allowed for filing the respective motions. The district court is prohibited from enlarging such ten day periods under Fed. R. Civ. P. 6(b). *Lapiczak v. Zaist,* 451 F. 2d 79 (2d Cir. 1971).

Insofar as these provisions touch upon the jurisdictional matter of timeliness of appeal, they too should properly be accorded strict interpretation and application by the lower courts and parties to the suit. *Browder, supra.*

The case presented here is one in which PICO managed to perpetuate its case and take an untimely appeal by a procedural mechanism which is in clear and substantial non-compliance with the Federal Rules of Civil Procedure and Federal Rules of Appellate Procedure. The procedural mechanism it used was a simple one: it merely filed a skeletal post-trial motion for rehearing under Fed. R. Civ. P. 59(e) within the inextensible ten day limitation allowed under the rule. However, the motion did not set forth in particularity any ground therefor as required by Fed. R. Civ. P. 7(b) (hence the name "skeletal" motion for its lack of substance). The offending counsel then took as long as he desired to file his papers or briefs setting forth grounds. In the case presented, this act was done long after the lapse of the ten day limitation for filing the motion and after the lapse of the thirty day limitation allowed for an appeal from entry of judgment.

Respondents filed a motion to dismiss the appeal because it was not timely filed. This was denied, but the court of appeals decided favorably for the Respondents on the merits upholding the decision of the district court. Accordingly, denying the present Petition will have the effect of sustaining the trial court's decision, rendering the jurisdictional issue moot.

CONCLUSION

Laches in filing patent suits depends upon the particular facts of each case without reference to a fixed time period. This Court need not review this well settled law.

PICO asks this Court to make another review of a lengthy record to see if it can find what the district court and the court of appeals were unable to find—justification for an unreasonable delay in bringing suit. This Court has ruled that such factual scrutiny is not a task to be served by a grant of certiorari. The jurisdiction to bring up cases by certiorari "was not conferred upon this Court merely to give the defeated party in the Circuit Court of Appeals another hearing." *Magnum Import Co. v. Coty*, 262 U. S. 159, 163 (1923). Certiorari, therefore, should be denied.

Respectfully submitted,

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APPENDIX

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF VIRGINIA
ALEXANDRIA DIVISION

Civil Action No. 79-579-A
POTTER INSTRUMENT COMPANY, INC., *Plaintiff*,

v.

STORAGE TECHNOLOGY CORPORATION, *Defendant.*

Civil Action No. 79-626-A
POTTER INSTRUMENT COMPANY, INC., *Plaintiff*,

v.

TELEX COMPUTER PRODUCTS, INC., *Defendant.*

Civil Action No. 79-993-A
POTTER INSTRUMENT COMPANY, INC., *Plaintiff*,

v.

TELEX COMPUTER PRODUCTS, INC., *Defendant.*

Civil Action No. 79-994-A
POTTER INSTRUMENT COMPANY, INC., *Plaintiff*,

v.

SPERRY CORPORATION, *Defendant.*

Civil Action No. 79-995-A
POTTER INSTRUMENT COMPANY, INC., *Plaintiff*,

v.

CONTROL DATA CORPORATION, *Defendant.*

ORDER

(Filed March 12, 1980)

Upon examination of the voluminous documents filed herein and after careful consideration of the evidence submitted by the parties in support of their respective positions, and upon argument of counsel—the Court is of the opinion that the defendants' joint and several motions to dismiss these consolidated infringement suits on the grounds of laches and equitable estoppel ought to be GRANTED, and

It Is So Ordered.[1]

This without prejudice to Potter's right to pursue its currently pending parallel infringement suits against the United States and these defendants[2] in the United States Court of Claims, if it be so advised.

The Clerk is directed to send a copy of this Order to the Honorable Francis C. Browne of the United States Court of Claims, and to all counsel of record.

United States Senior District Judge
/s/ OREN R. LEWIS

March 12, 1980

All pretrial discovery has been completed—this controversy is now overripe for settlement[3] and/or trial on the

1. The Court will file its findings and conclusions in the next week or so.

2. They were made third-party defendants in the Court of Claims suit in 1978.

3. Hearing on the several pending motions for sanctions will be deferred until this case is settled and/or set for trial in the Court of Claims.

merits in the Court of Claims as soon as that Court's docket permits.

A True Copy, Teste:

W. Farley Powers, Jr., Clerk
By /s/ DOREEN JONES
Deputy Clerk

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF VIRGINIA
ALEXANDRIA DIVISION

Civil Action No. 79-579-A
POTTER INSTRUMENT COMPANY, INC., *Plaintiff*,

v.

STORAGE TECHNOLOGY CORPORATION, *Defendant*.

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POTTER INSTRUMENT COMPANY, INC., *Plaintiff*,

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TELEX COMPUTER PRODUCTS, INC., *Defendant*.

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POTTER INSTRUMENT COMPANY, INC., *Plaintiff*,

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TELEX COMPUTER PRODUCTS, INC., *Defendant*.

Civil Action No. 79-994-A
POTTER INSTRUMENT COMPANY, INC., *Plaintiff*,

v.

SPERRY CORPORATION, *Defendant*.

Civil Action No. 79-995-A
POTTER INSTRUMENT COMPANY, INC., *Plaintiff*,

v.

CONTROL DATA CORPORATION, *Defendant*.

FINDINGS AND CONCLUSIONS

(Filed March 25, 1980)

These suits were brought by the Potter Instrument Company, Inc. (Potter) against Storage Technology Corporation (STC),[1] Telex Computer Products, Inc. (Telex),[2] Sperry Corporation (Sperry),[3] and Control Data Corporation (CDC)[4] charging the defendants with infringement of United States Letters Patent No. 3,176,894 ("the '894 patent") by making, using and selling magnetic tape drives employing an "industry standard Z buffer" and United States Letters Patent No. 3,226,685 ("the '685 patent") by making, using and selling magnetic tape recording systems employing Group Coded Record (GCR) adopted as an industry-wide standard by the American National Standards Institute (ANSI).

The defendants claimed these patents were invalid and denied the claimed infringement.

A parallel proceeding is currently pending in the United States Court of Claims. The Court of Claims proceeding was instituted on March 24, 1978 when Potter filed suit against the United States Government alleging infringement of the '894 and '685 patents in connection with the United States Government's use of computer equipment and tape drives supplied by STC, Telex, Sperry and CDC. The defendants were made third-party defendants.

These consolidated cases came on for hearing on the joint and/or individual motions of the defendants for sum-

1. Civil Action No. 79-579-A (filed July 6, 1979).

2. Civil Action Nos. 79-626-A and 79-993-A (filed July 24, 1979 and November 21, 1979, respectively).

3. Civil Action No. 79-994-A (filed November 21, 1979).

4. Civil Action No. 79-995-A (filed November 21, 1979).

mary judgment on the basis of, *inter alia,* file wrapper estoppel, laches, and equitable estoppel.

The Court declared the file wrapper estoppel claim premature and scheduled the laches and estoppel issues for further hearing.

Detailed memoranda of points and authorities, together with voluminous exhibits and live testimony, were submitted by each of the parties in support of their respective positions.

From the record thus made, the Court finds that the '894 patent was issued to Robert E. Schoeneman as inventor on April 6, 1965. This patent, allegedly covering "industry standard Z buffer" magnetic tape drives, was owned by Potter during the time period relevant to this consolidated action.

The '685 patent, allegedly covering the industry standard "GCR" recording and information storage technique, was also owned by Potter during the relevant time period.

Although the record is silent as to when, if ever, Potter began manufacturing and marketing its Z buffer tape drive and GCR recording equipment, it had bulk paid-up licensing agreements with IBM and other manufacturers covering both the '894 and '685 patents as early as 1971.

In early 1970, Potter had actual and/or constructive notice that each of the defendants had developed and were selling tape drives utilizing the accused industry standard Z buffer and, later, the GCR technique.

STC introduced its first magnetic tape drive employing an industry standard Z buffer at the Atlantic City National Computer Conference in the spring of 1970—this conference was attended by Potter Representatives. STC sold its first Z buffer tape drive in late 1970.

Beginning in 1970, STC undertook a marketing program for its tape equipment which included low profit sales to original equipment manufacturers (OEMs).

On December 1, 1971, Potter wrote to STC concerning possible infringement of the '894 patent. Subsequent corresponding relating to the '894 patent between Potter's patent counsel and STC's patent counsel followed during 1972. This correspondence terminated with a letter dated January 17, 1973—nothing more was heard from Potter regarding the '894 patent until this suit was filed in 1979.

On March 8, 1973, STC publicly announced its GCR tape recording system—a copy of which announcement was received by Potter. On May 17, 1973, George W. May, then president of Potter, wrote to STC stating that the '685 patent covered the fundamental concept of GCR and offered STC a license under the '685 patent.

STC began selling its tape drives employing GCR technology after the March 8, 1973 announcement, for delivery in the fourth quarter of 1973. In March 1974, John T. Potter reported to the Potter Board of Directors that STC was infringing its '685 patent—no legal action was undertaken by Potter against STC for patent infringement until the filing of this suit in 1979.

Telex publicly announced its Z buffer tape drive in May 1970 and subsequently made shipments to customers in the latter part of 1970.

Potter first contacted Telex regarding the '894 patent in a letter dated November 10, 1971, in which Potter directed Telex's attention to the '894 patent. An exchange of correspondence followed which included a letter from Telex's patent counsel denying infringement of the '894 patent and a letter dated October 25, 1972 from Potter threatening immediate legal action if Telex did not take a license under the '895 patent. Nothing further was said or done regarding the '894 patent until this suit was filed in 1979.

In May 1975, Telex negotiated for and purchased Potter's United Kingdom assets for approximately $500,000.00.

Potter neither claimed nor mentioned infringement of its '894 patent during these negotiations.

The record is devoid of evidence concerning precisely when Telex introduced and began marketing its GCR tape equipment. However, the undisputed evidence discloses that Potter became aware of Telex's GCR equipment and the possibility that Telex might be infringing on its '685 patent in 1976—as evidenced by the exchange of correspondence between Potter and Telex with regard to the '685 patent initiated by Potter's letter of February 13, 1976 and terminated by Telex's letter of February 3, 1977.

On November 10, 1970, Sperry Univac issued a press release to approximately 75 magazines and trade journals announcing the introduction of the accused Sperry Univac Uniservo-20 tape drive. This tape drive, which employs the accused Z buffer, was given wide publicity at trade shows following the November announcement.

On December 31, 1971, the Sperry Univac Division of Sperry acquired the computer business and operations of the RCA Corporation in a widely publicized transaction. RCA had earlier acquired a paid-up license under numerous Potter patents, including the '894 patent.

CDC issued press releases to the computer industry regarding its own Z buffer tape drive no later than August 22, 1973. On or before September 27, 1973, CDC had begun leasing the accused Z buffer tape drive. As of the time of the press releases, Potter knew or should have known that CDC was marketing the accused Z buffer tape drives.

Potter never asserted any infringement claim under the '894 patent against CDC until the filing of this suit in 1979.

With respect to the GCR patent, in November 1973, the ANSI Subcommittee X3B1 received a proposal from IBM—which was licensed by Potter under the '685 patent

—for adoption of GCR recording as an industry-wide standard. GCR is allegedly an infringement of the '685 patent in suit. Representatives of Potter attended the November 1973 ANSI subcommittee meeting but did not disclose Potter's ownership of the '685 patent or any other patents relating to the proposed GCR standard.

ANSI Subcommittee X3B1 formulates industry-wide standards for magnetic tape information interchange systems. The Subcommittee had a written policy, of which all members were aware, stating that when any one or more patents are to be included within a proposed industry standard, the owner of such patent[s] must bring to the attention of the Subcommittee the existence of such patents and agree to offer licenses to members of the affected industry on reasonable and nondiscriminatory terms as a prerequisite to the adoption of the industry-wide standard. This policy was adopted to allow all industry members an equal opportunity to utilize any industry-wide standard adopted.

The GCR recording was adopted as the industry-wide standard in June of 1976.

During the time periods relevant to this suit, Potter was fully cognizant of the methods used to protect one's patents and patent rights. On January 2, 1970, it instituted a suit against Bucode, Inc. for infringement of, *inter alia*, its '894 patent (184 U. S. P. Q. 662 [1975]). After protracted litigation, the '894 patent was held valid by the District Court—this suit was compromised and settled pending appeal.

Potter took no action against any of the alleged infringers, either during or after the conclusion of the Bucode suit, prior to filing the Court of Claims' suit against the United States.

Potter's economic survival reached the acute stage in late '73 or early '74—many of its patents, including the

'894 and '685 patents, were assigned to the Midland Bank of New York as security for bank loans—Alexander was employed as its financial consultant in late 1974, and the Company filed its petition for a Chapter XI Bankruptcy in April 1975. Potter remained as debtor in possession with Alexander as its new president.

None of these infringement claims were listed as assets or choses in action in Potter's Chapter XI Bankruptcy petition.

Alexander neither petitioned the Bankruptcy Court nor took any action as debtor in possession against any of these defendants in re their right to continue using the '894 or the '685 patents, even though the Potter Board of Directors had been advised by one of its patent advisors that failure to so do might give rise to the defense of laches.

Instead, Potter sought and obtained permission from the Bankruptcy Court to employ counsel on a contingent basis to bring suit against the United States in the Court of Claims for infringement of its '894 and '685 patents—in the hopes that the Government would bring in the defendants as third-party defendants and force a settlement —which was done in a similar suit filed against the United States in the Court of Claims.

Suit was filed against the United States in the Court of Claims on March 24, 1978, and the Government gave notice of the suit to these defendants in September 1978.

Potter changed counsel in the Court of Claims' suit—and he recommended that individual infringement suits be brought in this Court against these defendants, on a contingent basis—three were filed in July 1979; three were filed in November 1979; two have been settled, and four remain to be settled and/or tried.

Although an unusually large amount of pretrial discovery has been had both in the Court of Claims and in

this Court, many of the pertinent documents have disappeared and many of the material witnesses, including the inventors of the patents in suit, have suffered lapses of memory or otherwise have become unavailable.

While the causes are myriad, much of the blame is attributable to Potter's delay in filing these suits.

Potter's unsupported contention that laches is not applicable to suits at law[5] is inapposite to all the relevant authorities.

It is clear in the Fourth Circuit that the equitable doctrine of laches is applicable to suits brought solely at law. See *Giddens v. Isbrandtsen Co.*, 355 F. 2d 125 (4th Cir. 1966). Similarly, laches has expressly been held applicable to patent infringement actions *TWM Manufacturing Co., Inc. v. Dura Corporation*, 592 F. 2d 346 (6th Cir. 1979); *Baker Manufacturing Co. v. Whitewater Manufacturing Co.*, 430 F. 2d 1008 (7th Cir. 1970), *cert. denied*, 401 U. S. 956 (1971); *Union Shipbuilding Co. v. Boston Iron & Metal Co.*, 93 F. 2d 781 (4th Cir. 1938); *Wolf Mineral Process Corp. v. Minerals Separation N. A. Corp.*, 18 F. 2d 483 (4th Cir. 1927).

Laches may be invoked when the prejudice to the defendant caused by the plaintiff's unexcused delay in instituting suit outweighs the harm to the plaintiff caused by the acts of the defendant upon which the suit is predicated. It is sustainable upon proof of two elements: (1) lack of diligence by the party against whom the defense is asserted, and (2) prejudice to the party asserting the defense. See *Costello v. United States*, 365 U. S. 265 (1961).

In construing this two-pronged standard, Judge Albert V. Bryan, Sr., speaking for the Fourth Circuit, stated in *Giddens, supra*, that:

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5. The plaintiff asserts that this consolidated action is an action at law rather than an action in equity because Potter seeks only monetary damages and no injunctive relief.

> . . . the presence of laches is ascertained by a balancing of the claimant's delay with the proferred excuse, if any, against the defendant's consequent detriment. The determination demands a weighing of equities. These in turn depend upon an assay of the circumstances. 355 F. 2d 125, 127.

The length of delay constituting laches is generally analogized to a corresponding statute of limitations—but the laches period may be longer or shorter than the analogous statutory period, depending on the individual facts and circumstances of each case. *Giddens, supra,* at 127; *Gillons v. Shell Co. of California,* 86 F. 2d 600 (9th Cir. 1936), *cert. denied,* 302 U. S. 689 (1937).

Although there is no express statute of limitations for patent infringement suits, 35 U. S. C. § 286 limits a patentee's recovery in a patent infringement action to the six-year period immediately preceding the filing of the suit. *TWM Manufacturing Co., supra,* at 348.

The time when the patentee gains knowledge—either actual or constructive—of the alleged infringement triggers the running of the laches period. *TWM Manufacturing Co., supra,* at 348; *Dymo Industries v. Monarch Marking Systems,* 474 F. Supp. 412, 414 (N. D. Tex. 1979)—the period stops when the patentee files suit against the alleged infringer.

Potter filed suit in this Court against these defendants for their alleged commercial infringement of the '894 and '685 patents in 1979. Its 1978 suit against the United States in the Court of Claims alleging that the defendants' products infringed its '894 and '685 patents was for governmental infringement only. The Court of Claims' suit did not toll the running of the laches period against these defendants for commercial infringement. See *TWM Manufacturing, supra,* at 349.

Where there has been an unreasonable delay by a patentee in bringing suit for infringement of his patent, there is a presumption that the alleged infringer has been prejudiced by the delay. The weight of authority indicates that delays in excess of six years in bringing such suits are presumptively unreasonable—and shifts the burden of proof to the patentee plaintiff to show a legally cognizable excuse for the delay.

This rule has been in existence at least since its promulgation by the Ninth Circuit in *Gillons v. Shell Co. of California,* 86 F. 2d 600 (9th Cir. 1936), *cert. denied,* 302 U. S. 689 (1937). In 1970, the Seventh Circuit in applying laches to bar a patent infringement suit delayed for seven years after notice of infringement, cited *Gillons* with approval. *Baker Manufacturing Co. v. Whitewater Manufacturing Co.,* 430 F. 2d 1008 (7th Cir. 1970), *cert. denied,* 401 U. S. 956 (1971).

While the Fourth Circuit has not specifically addressed the six-year rule, this presumption has been adopted by the Second,[6] Sixth,[7] and Tenth [8] Circuits by the district court in the Fifth [9] and District of Columbia Circuits [10]—and by this Court, and counsel has been so advised.

The plaintiff was given every opportunity to justify its long delay in bringing these infringement suits and they failed to so do.

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6. *Jones v. Ceramco, Inc.,* 387 F. Supp. 940 (E. D. N. Y. 1975), *aff'd* 526 F. 2d 585 (2nd Cir. 1975).

7. *TWM Manufacturing Co., Inc. v. Dura Corporation,* 592 F. 2d 346 (6th Cir. 1979).

8. *Maloney-Crawford Tank Corp. v. Rocky Mountain Natural Gas Co.,* 494 F. 2d 401 (10th Cir. 1974).

9. *Dymo Industries, Inc. v. Monarch Marking Systems,* 474 F. Supp. 412 (N. D. Tex. 1979).

10. *Van't Veld v. Honeywell,* 440 F. Supp. 1020 (D. D. C. 1979).

The undisputed evidence clearly shows that Potter delayed bringing suit against these defendants for infringement of the '894 patent for more than six years after it had knowledge of the alleged infringement by these defendants.

Potter's attempt to excuse this delay on the grounds they were negotiating with the defendants in re-licensing and were in the process of suing another company (Bucode) for infringement of the '894 patent—and their precarious financial condition—are simply not supported by the evidence.

Potter failed to call any of its corporate officers, many of whom were available, except its present president, to explain why their so-called licensing offers were rejected or why they delayed filing infringement suits against these defendants. None of Potter's office memoranda or copies of its correspondence in re these negotiations were offered in evidence. The correspondence in evidence came from the defendants' files. All the defendants denied they were infringing the '894 patent. That must have ended the matter as far as Potter was concerned because they did nothing to stop any of the defendants from continuing to manufacture and sell their machines. Although Potter's present president was not with the Company until late 1974, he offered no explanation as to why these suits were not filed until late 1979—except that he was too engrossed in keeping the Company financially afloat to look into the matter before then.

However one characterizes these licensing negotiations, they terminated more than six years before these infringements suits were filed.

Similarly, Potter's maintenance of the Bucode litigation does not constitute a legally cognizable excuse for Potter's delay in suing these defendants for infringement

of its '894 and '685 patents. Other patent infringement litigation brought by a patentee does not excuse a delay in suing other defendants for infringing the same patent. *Advanced Hydraulics, Inc. v. Otis Elevator Company*, 525 F. 2d 477 (7th Cir. 1975), *cert. denied*, 423 U. S. 869 (1975).

The bald knowledge that a patentee has sued other companies for patent infringement does not impute knowledge of the patentee's intention to sue all infringers for patent infringement—even if the patents in suit are identical. At the very least, at some time during the course of the Bucode litigation, Potter should have notified the defendants of its intention to sue them for infringing its '894 patent upon obtaining a favorable resolution of the Bucode case. *American Home Products Corp v. Lockwood Manufacturing Co.*, 483 F. 2d 1120 (6th Cir. 1973), *cert. denied*, 414 U. S. 1158 (1974).

For the period from 1975 up until these suits were filed in 1979, Potter cites its financial difficulties as its primary reason for failing to sue. However, except in unusual circumstances, poverty is ordinarily no excuse for delay in filing suit. A party's poverty or pecuniary embarrassment is not a sufficient excuse for unreasonably postponing the assertion of its legal rights. *Hayward v. National Bank*, 96 U. S. 611 (1877); *Leggett v. Standard Oil Co.*, 149 U. S. 600 (9th Cir. 1936), *cert. denied*, 302 U. S. 689 (1937).

The plaintiff offers no excuse for its failure to timely sue the defendants under the '685 patent—its position with respect to this patent is that there was no presumptive unreasonable delay, with the possible exception of STC—the period of delay being less than six years.

Neverthless, laches should be applied where the delay has been less than six years if the facts and circumstances so warrant—if the defendants have suffered enough preju-

dice from the delay. This policy was enunciated by the Fourth Circuit in *Fretwell v. Gillette Safety Razor Co.*, 106 F. 2d 728 (4th Cir. 1939), recognized in *Giddens v. Isbrandtsen Co.*, 355 F. 2d 125 (4th Cir. 1966), and exemplified in *Advanced Hydraulics, Inc. v. Otis Elevator Co.*, 525 F. 2d 477 (7th Cir. 1975), *cert. denied*, 423 U. S. 869 (1975).

The Court finds from the evidence that the defendants have been seriously and irreparably prejudiced by the plaintiff's delay in filing this consolidated patent infringement suit. Prejudice "contemplates the dispersal and inaccessibility of witnesses, the dimming of recollections and other disadvantages incident to the lapse of time." *Giddens v. Isbrandtsen*, 355 F. 2d 125, 127 (4th Cir. 1966). The facts are clear that, as a result of the long delay in the filing of these suits, many crucial documents, including the inventor's files, have become lost or been destroyed, and several crucial witnesses, including the inventors of the patents in suit, have either died or suffered lapses of memory. In addition, many of Potter's corporate records which are relevant to the defendants' case have been destroyed due to the ravages of time. This type of prejudice—the loss of relevant evidence—is clearly of the type upon which laches can be supported. See *Dymo Industries, Inc. v. Monarch Marking Systems*, 474 F. Supp. 412, 416 (N. D. Tex. 1979).

None of the defendants have included any possible royalty costs in the sale or lease of their machines. All claimed they were lulled into believing, by Potter's inaction, that their products were not infringing upon any of Potter's patents.

All testified they could and would have circumvented Potter's patent claims, had they been timely sued for infringement. The costs to so do now on the machines in place would be both prohibitive and impractical.

Further, the Court is of the opinion that Potter ought to be estopped from bringing an infringement action against these defendants under the '685 patent.

Estoppel is proper where "one has . . . acted to mislead another and the one thus misled had relied upon the action of the inducing party to his prejudice." *Advanced Hydraulics, supra,* at 479. Potter actively participated with the ANSI Subcommittee in developing GCR as the industry standard—it intentionally failed to bring its ownership of the '685 patent to the committee's attention notwithstanding the committee's policy to the contrary. By so doing, Potter has gained a monopoly on the GCR industry standard without any obligation to make its use available on reasonable terms to competitors in the industry.

Equity will rarely, if ever, permit one to waive by acquiescence its alleged patent rights, for a long period of time [11] and attempt to assert them after they have been adopted as the industry standard.[12]

Whatever right the plaintiff has to enforce its delayed infringement claims against these defendants will not be impaired by the dismissal of this consolidated suit—the defendants are the real parties-in-interest in the plaintiff's pending suit in the United States Court of Claims—all available discovery has been completed and the Court of Claims' action is now ready for hearing on the merits as soon as that Court's docket permits.

Surely the defendants ought not to be put to the extra expense of defending the same claims in two federal courts.

The Order dismissing the above-styled suits was entered herein on March 12, 1980, with the Court's findings and conclusions to follow.

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11. ANSI Subcommittee X3B1—November 1973.

12. The GCR recording was adopted as the industry-wide standard in June 1976.

The Clerk will send a copy of these findings and conclusions to the Honorable Francis C. Browne of the United States Court of Claims, and to all counsel of record.

/s/ OREN R. LEWIS
United States Senior District Judge

March 25, 1980

A True Copy, Teste:
W. Farley Powers, Jr., Clerk
By /s/ MARIA HEURTT
Deputy Clerk

UNITED STATES COURT OF APPEALS
FOR THE FOURTH CIRCUIT

No. 80-1428

Potter Instrument Company, Inc.,

Appellant,

Versus

Storage Technology Corporation;
Telex Computer Products, Inc.;
Sperry Corporation;
Control Data Corporation,

Appellees.

APPEAL FROM THE UNITED STATES DISTRICT COURT FOR THE EASTERN DISTRICT OF VIRGINIA, AT ALEXANDRIA.
OREN R. LEWIS, DISTRICT JUDGE.

Argued December 4, 1980
Decided February 23, 1981

Before HAYNSWORTH, *Chief Judge*, FIELD, *Senior Circuit Judge*, and PHILLIPS, *Circuit Judge*.

David R. Murphy for Appellant; Richard E. Kurtz (Woodcock Washburn Kurtz Mackiewicz & Norris on brief) and Allen Kirkpatrick (Cushman Darby & Cushman; Alan E. J. Branigan, Griffin Branigan and Butler; Harrison McCandlish, LeBlanc Nolan Shur & Nies on brief) for Appellees.

HAYNESWORTH, *Chief Judge*:

Potter Instrument Co., Inc. filed in the district court separate suits against Storage Technology Corp., Control Data Corp., Sperry Corp., and Telex Computer Products, Inc., alleging infringement of two patents. Potter requested monetary, but not injunctive relief. The actions were consolidated for trial and the district court granted defendants' motions to dismiss on the grounds of equitable estoppel and laches.

This court has on occasion addressed the equitable doctrines of laches and estoppel in patent infringement suits. *See* Eastern Venetian Blind Co. v. Acme Steel Co., 188 F. 2d 247, 254 (4th Cir. 1951); Baker-Cammack Hosiery Mills v. Davis Co., 181 F. 2d 550, 564-68 (4th Cir. 1950); Fretwell v. Gillette Safety Razor Co., 106 F. 2d 728, 730-31 (4th Cir. 1939); Hartford-Empire Co. v. Swindell Bros., 96 F. 2d 227, 232-33, modified, 99 F. 2d 61 (4th Cir. 1938); Denominational Envelope Co. v. Duplex Envelope Co., 80 F. 2d 186, 193-94 (4th Cir. 1935). Those occasions have not invited comprehensive treatment of the subjects. Other courts, however, recently have surveyed the area. *E.g.*, Studiengesellschaft Kohle v. Eastman Kodak Co., 616 F. 2d 1315, 1325-28 (5th Cir. 1980); TWM Mfg. Co. v. Dura Corp., 592 F. 2d 346 (6th Cir. 1979).

The laches defense "may be invoked where the plaintiff has unreasonably and inexcusably delayed in prosecuting its rights and where that delay has resulted in material prejudice to the defendant." *Eastman Kodak*, 616 F. 2d at 1325.

The district court found that Potter should have known of the alleged infringement of the '894 patent for more than six years before it filed suit. A delay of six years triggers a presumption that the delay was unreasonable and that the defendant was prejudiced. *Eastman v.*

Kodak, 616 F. 2d at 1326; *TWM Mfg. Co.*, 592 F. 2d at 348-40. The district court considered and rejected each of the justifications which Potter offered for the delay.

With respect to the '685 patent, the delay in filing suit was slightly less than six years. The district court nonetheless found that the delay was unreasonable and that the defendants were prejudiced.

The invocation of the estoppel or laches doctrines is within the sound discretion of the district court and will be reversed only if clearly erroneous. *Eastman Kodak*, 616 F. 2d at 1325. Because we do not find clear error, we affirm the dismissal on the laches ground.

The district court also held that Potter "ought to be estopped from bringing an infringement action against these defendants under the '685 patent." Although we would be inclined to uphold this ground of decision on the facts of this case, we think that the invocation of the doctrine of estoppel would produce a result unintended by the district court. Unlike laches, which only bars recovery of damages for past infringement, estoppel forecloses, as well, prospective patent enforcement through an injunction or through damages for continuing infringement. *Eastman Kodak*, 616 F. 2d at 1325. The district court, however, clearly did not intended for its dismissal to have that effect:

> Whatever right the plaintiff has to enforce its delayed infringement claims against these defendants will not be impaired by the dismissal of this consolidated suit—the defendants are the real parties-in-interest in the plaintiff's pending suit in the United States Court of Claims—all available discovery has been completed and the Court of Claims' action is now ready for hearing on the merits as soon as that Court's docket permits.

Consistent with the district court's view of the preclusive effect of its decision, we limit our affirmance to the laches ground of decision.

AFFIRMED.

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ALEXANDER L. STEVAS,
CLERK

No. 81-52

IN THE

Supreme Court of the United States

OCTOBER TERM, 1981

CONTROL DATA CORPORATION,
SPERRY CORPORATION,
STORAGE TECHNOLOGY CORPORATION,
Cross-Petitioners,

v.

POTTER INSTRUMENT CO., *Cross-Respondent.*

CROSS-PETITIONERS' BRIEF IN REPLY TO RESPONDENT'S OPPOSITION TO CROSS-PETITION FOR WRIT OF CERTIORARI

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Now come cross-petitioners and respond to Potter Instrument Company's opposition to the cross-petition for writ of certiorari.

The subject cross-petition was filed pursuant to Rule 19.5 in connection with a petition for certiorari, Docket 80-2097, by cross-respondent Potter Instrument Co. (hereafter PICO). The subject cross-petition also corresponds to an interlocutory petition for writ of certiorari before judgment, Docket 80-561, filed pursuant to Rule 18 on October 8, 1980 by cross-petitioner Control Data Corporation. The interlocutory petition for certiorari was denied, with Justice White dissenting because of conflicts in the circuits.

PICO has not filed a proper brief in opposition to the subject cross-petition. Rather, in its reply brief in the related petition, Docket No. 80-2097, PICO references the subject cross-petition (Docket 81-52) and, while indicating that it does not intend to file an opposing brief in respect of the cross-petition, states that it opposes grant

of the cross-petition "for the same reasons that it opposed the grant of Petition in Docket No. 80-561."

PICO's reference to its opposition to the earlier corresponding interlocutory petition Docket No. 80-561 is inappropriate. Other than a bare, unsupported statement that it disputes that its motions were skeletal, PICO's opposition to the earlier corresponding petition was entirely based upon the interlocutory nature of the petition under Rule 18. Those arguments have no application whatsoever to the subject cross-petition under Rule 19.5.

Accordingly, it is respectfully urged that in the event PICO's petition Docket No. 80-2097 is granted, the subject cross-petition be granted as well.

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